ROBERT M. HUNTER

EXHIBIT 5

Appraisal Report Of The
Carolina Water Service, Inc.
I-20 Wastewater System
Lexington County, South Carolina

Prepared for: Mr. John M.S. Hoefer, Esq.
Mr. Joe Conner, Esq.
Attorneys for Carolina Water Services, Inc.

Effective Date: October 9, 2017

Date of Report: February 14, 2018

HC #: 16021.02

Prepared by: Hartman Consultants, LLC
300 S. Interlachen Avenue # 503
Winter Park, Florida 32789

and

Winthrop Real Estate Advisors, Inc.
P.O. Box 6257
Columbia, SC 29260

February 14, 2018

HC #16021.02

Mr. Joe Conner, Esq.
Baker Donnelson
1900 Republic Centre
633 Chestnut Street, Suite 1900
Chattanooga, TN 37450

Mr. John M.S. Hoefer, Esq.
Willoughby & Hoefer, P.A.
930 Richland Street
P.O. Box 8416
Columbia, SC 29202-8416

RE: I-20 Wastewater System Appraisal Report
Date of Valuation 10/9/2017

Dear Conner:

Attached please find the Appraisal Report of the Carolina Water Service, Inc. (CWS) I-20 Wastewater System in Lexington County, South Carolina.

The Date of Valuation is October 9, 2017.

All three (3) approaches to value were considered and evaluated.

The results of each approach are:

- Cost Approach ..... $ 13,300,000
- Income Approach ..... $ 12,000,000
- Market Approach..... $ 11,000,000

The opinion of value for the I-20 Wastewater System owned by CWS is:

$ 12,900,000

Twelve Million and Nine Hundred Thousand Dollars

Under the industry standard set of terms and conditions being assumed with no special financing, payments, "holdbacks", etc. Real Estate value opinions were prepared and provided by Mrs. Deborah Haskell, CRE, FRICS, MAI. These opinions were relied upon by Hartman Consultants, LLC (HC) for the Cost Approach.

The opinion of value is a cash paid at closing amount. The exposure time for this project was taken at two (2) years. The construction time for the cost approach was taken as three (3) years.

This report does include the opinion of value for real tangible property (fee simple land ownership) (RP) or its associated IP (i.e. easements, etc.) and the necessary aggregation to create this wastewater system was determined by Winthrop Real Estate Advisors, Inc. (WREA).

The data sources for this work which I wish to recognize are the administrative, engineering, operations and financial staff of CWS and I-20 operators, public sources, contractor information, as well as the files of HC.

Very truly yours,

Hartman Consultants, LLC

2/14/2018

Gerald C. Hartman
South Carolina P.E. #15389
BCEE (Water/Wastewater) #88-10034
Accredited Senior Appraiser #7542

Attachment: Appraisal Report

Table of Contents

APPRAISAL REPORT OF THE
I-20 WASTEWATER SYSTEM

TABLE OF CONTENTS

APPENDICES

LIST OF TABLES

Section 1

SECTION 1
INTRODUCTION

1.1 BACKGROUND

The Carolina Water Service, Inc. (CWS) is a privately owned utility that furnishes water and sewer services in the Oak Grove area of Lexington County, SC. CWS is a wholly owned subsidiary of Utilities, Inc. (UI), which is the one of the three largest private water and/or wastewater utility operators in the United States, across 15 states. CWS originated in 1970's to provide water and sewer service in Lexington County, SC. The utility customers within the CWS service area described herein as the I-20 service area are primarily residential. Only the wastewater system is being condemned by the Town of Lexington, S.C. thereby severing this system from the accompanying water system, the overall statewide operations and the parent company.

The wastewater is collected in the Service Area from approximately 2,220 wastewater customers. The wastewater treatment plant (WWTP) is a secondary treatment system. Its permitted treatment capacity is 0.80 MGD. The WWTP effluent is pumped approximately 2.1 miles, through a de-chlorination and flow measurement facility before being discharged to the Saluda River.

Hartman Consultants, LLC (HC) has prepared this appraisal report determining the value of the CWS wastewater utility system as of October 9, 2017. This report and its contents will be considered by CWS, its legal counsel, and other advisors in the potential acquisition of the utility by a buyer. The records, reports, and other documentation furnished by CWS or through its separate consultants form a substantial portion of the database for HC's work efforts. In addition, field inspections of the wastewater facilities were conducted by Mr. Hartman. The real property appraisal is included in this report and is addressed separately in Appendix F.

The scope of services of this valuation report consists of acquiring the necessary background information and available documentation, performing field inspections and asset verifications and evaluating the operating results. HC has performed the valuation analyses and value determinations that allow an opinion of value to be rendered by Mr. Hartman. The results of HC's work efforts, analyses, and evaluations are presented in this Appraisal Report. This report is for the I-20 wastewater property only and the associated going concern/intangible property.

The CWS I-20 regional wastewater utility system is located in Lexington County in the State of South Carolina near Columbia. Its Service Area is generally depicted in Figure 1-1. The CWS I-20 wastewater utility system is described in Section 2. It is an active and operating utility system and is permitted for operations by the State of South Carolina for wastewater service.

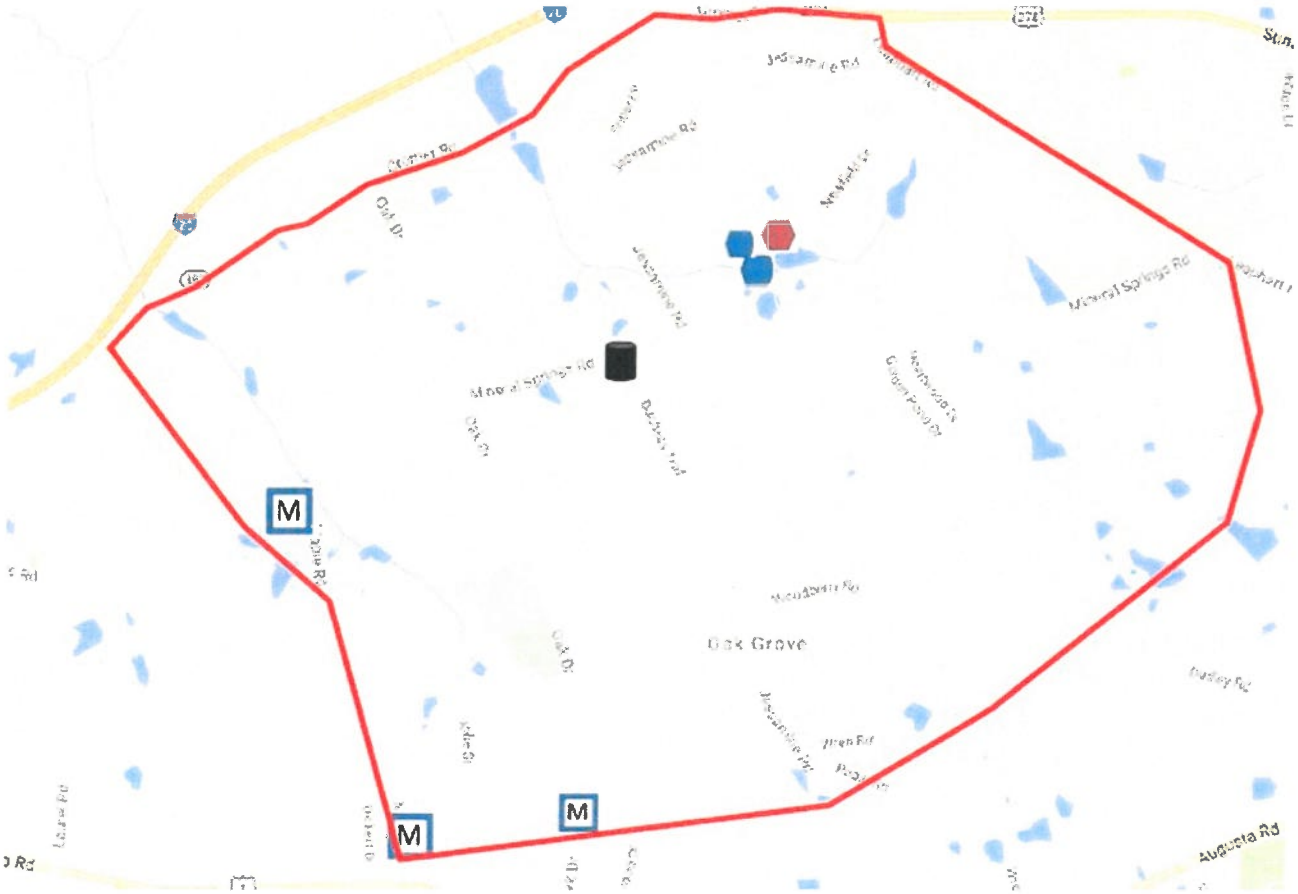
The ownership interest valued herein is fee simple ownership of the assets and of certain real tangible personal property, the wastewater operational rights, the exclusive certificated area rights, as well as of other tangible and intangible property.

A fee simple property is the most comprehensive type of ownership since the owner may dispose of the property in any manner he selects. One possessing this property has no restrictions or limitations upon ownership except those imposed by governmental entities and those which were willfully created by agreement.

The purpose of this valuation is to provide CWS the appraised fair market value in continued use of its I-20 wastewater system property and the associated intangible property in its highest and best use as a public utility. The context is a fair market value appraisal for purposes of acquisition by a buyer with the right of eminent domain.

Legend

- WWTP
- Elevated Tank
- Storage Tank
- Meter Vault
- Service Area



I-20 WASTEWATER SYSTEM – SERVICE AREA

Gerald C. Hartman, PE, BCEE, ASA Hartman Consultants, LLC	**CAROLINA WATER SERVICE, INC.** **I-20 SERVICE AREA – GENERAL LOCATION MAP**	**Figure 1-1**

1.2 UTILITY IDENTIFICATION

The wastewater system is described in Section 2. The wastewater system has active and operating systems and are permitted for operations by the SC DHEC.

1.3 OWNERSHIP INTEREST

For the report, the property to be valued is the TPP (tangible personal property) of the wastewater system the real tangible property (RP) and other rights with the going concern all grouped as the IP (Intangible Property) associated with the tangible property as of the date of the valuation. We have performed these services for the entire property in "fee simple" which includes all rights (the bundle of rights) that can be legally vested in an owner, subject to encumbrances whatever they may be. This fee simple ownership includes ownership of the TPP, RP and IP with the wastewater rights, exclusive service rights, exclusive certificated area rights, as well as other intangible property. Moreover, the fee simple value has been determined, without deduction for any liens or other encumbrances that may exist.

1.4 PURPOSE AND USE OF UTILITY APPRAISAL

The purpose of this Utility Appraisal is to provide the Client with the appraisal of the severed wastewater system. The I-20 system consists of both the water and wastewater systems. The Town of Lexington's condemnation complaint severs the wastewater system from the water system owned by CWS serving the I-20 customer base. The condemnation also severs the I-20 system from the statewide CWS and the parent company activity. The use of the valuation is for the Client's use.

1.5 IMPORTANT VALUATION DEFINITIONS

Appraisal (noun) – the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.[1]

Client – the party or parties who engage, by employment of contract, an appraiser in a specific assignment.[2]

Cost – the amount required to create, produce, or obtain a property.[3]

---

[1] Uniform Standards of Professional Appraisal Practice ("USPAP"), 2016-2017 Edition, Published by the Appraisal Foundation, page 1 (lines 8-10)

[2] *Ibid*, page 2 (line 50)

[3] *Ibid*, page 2 (line 57)

Easement – an interest in real property that transfers use, but not ownership, of a portion of an owner's property. [4]

Extraordinary Assumption – an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinion or conclusions. [5]

Fee Simple - absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[6]

Highest and Best Use (in appraising real property) – is the reasonably probable and legal use of vacant land or an approved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value.[7]

Hypothetical Condition – a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.[8]

Intended Use – the use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.[9]

Intended User - the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.[10]

Jurisdictional Exception – an assignment condition established by applicable law regulation, which precludes an appraiser from complying with a part of Uniform Standards of Professional Appraisal Practice (USPAP).[11]

---

4 The Appraisal of Real Estate, 12th Edition, Published by the Appraisal Institute, page 71

5 Uniform Standards of Professional Appraisal Practice, ("USPAP") 2016-2017 Edition, page 3 (lines 67-69)

6 The Appraisal of Real Estate, 12th Edition, Published by the Appraisal Institute, page 69

7 *Ibid*, page 305

8 USPAP, 2016-2017 Edition, Published by the Appraisal Foundation, page 3, (lines 75-77)

9 *Ibid*, page 3, (lines 84-86)

10 *Ibid*, page 3 (lines 87-89)

11 *Ibid*, page 3 (lines 91-91)

Leased Fee Interest – a lessor's, or landlord's, interest with specified rights that include the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee (leaseholder) are specified by contract terms contained within the lease.[12]

Market Value - a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.[13]

Market Value (noun) – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.[14]

Regulated Industry – industry that is regulated by government to a significant extent.

Replacement Cost New ("RCN") – the current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.[15]

Reproduction Cost New – the current cost of producing a new replica of a property with the same, or closely similar materials, as of a specific date.[16]

Appraisal Report – a written report prepared under Standards Rule 2-2(a) or 8-2(a) of a Complete or Limited Appraisal performed under STANDARD 1 or STANDARD 7.[17]

Taking – is the acquisition of a parcel of land (or other property) though condemnation.[18]

Value – is the amount, relative worth, functionality, or importance of an item, which may or may not be equal to price or cost.[19]

---

12 The Appraisal of Real Estate, 12th Edition, Published by the Appraisal Institute, page 81

13 USPAP, 2016-2017 Edition, Published by the Appraisal Foundation, page 3 (lines 92-94)

14 International Valuation Standards, 2000 Edition, Published by the International Valuation Standards Committee, pages 92-93

15 Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Published by American Society of Appraisers, page 585

16 *Ibid*

17 USPAP, 2016-2017 Edition, Published by the Appraisal Foundation, pages AO-11, pages 98-99

18 The Dictionary of Real Estate Appraisal, 4th Edition, Published by the Appraisal Institute, Page 285

19 Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, Second Edition, Published by American Society of Appraisers, Page 594

1.6 EFFECTIVE DATE OF UTILITY APPRAISAL

The effective date of this Report is October 9, 2017.

1.7 TYPE OF PROPERTY

The subject property is a special purpose property. The wastewater system is provided the rights thereof by the State of South Carolina, and by contract, assemblage, and other means. Such properties have the configuration of the customer base and utilize the local natural resources for the provision of utility service to the specific community that the facilities, operations, and management serve.

1.8 SPECIALTY PURPOSE PROPERTY – AN ONGOING UTILITY BUSINESS

The system includes assets, customers, its service area and all other attributes of a fully functioning utility business. The Utility is considered a special purpose property. There are four (4) criteria, which establish whether a property should be considered special purpose property:

a. Uniqueness;
b. Property must be used for a special purpose;
c. No widespread market for the type of property;
d. The property's use must be economically feasible and reasonably expected to be replaced.

The function of this utility property is to provide wastewater services in specific service areas. The wastewater system was specially built for the specific purposes for which it was designed, and continues to be used for those purposes.

There is no question that with the contemplated condemnation of the System's Property, the wastewater service would continue to be substantially used for utility purposes and they would continue to be renewed, replaced and/or maintained for such purposes. If the wastewater property was not condemned, the integrated water and wastewater system would continue in its present use.

1.9 WATER RIGHTS

Not included.

1.10 ONGOING BUSINESS (INTANGIBLE PROPERTY)

While this appraisal of the utility property is accomplished in part by using the cost approach, it must be recognized that the replacement cost new less depreciation (RCNLD) only represents the component of value of the physical assets.

This property is an on-going profitable business with established customers; rates, fees and charges; operations and maintenance activities; established billing, management, and other overhead functions; and has developed significant records and business practices for the on-going business. The summation of the above is classified as intangible property (IP) which is addressed later in Section 4.

1.11 SUMMARY OF DATA COLLECTION

Data collection on this assignment involved records of CWS as well as, records provided by others, HC and public information.

1.12 SUMMARY OF CONFIRMATION ACTIVITIES

Some analyses and surveys were used to confirm and/or cross-check the data and information provided. Limited calls, comparisons of reports and comparisons of source information were accomplished.

1.13 SUMMARY OF REPORTING MEASURES

The Report is a Utility Appraisal Report of the I-20 Utility Wastewater with disclosures included.

No analysis of severance damages or other damages are included in this work.

1.14 ASSUMPTIONS AND LIMITING CONDITIONS

a. No responsibility is assumed for legal matters.

b. The appraiser has made no land survey of the property and, unless specifically stated, it is assumed there are no encroachments involved.

c. Any sketches and maps in this Report are included to assist the reader in visualizing the property and are not necessarily to scale or depict all items above or below ground.

d. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in this Report. It is recognized that DHEC has not granted a permit renewal to the existing WWTP.

e. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in this Report.

f. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or public entity or organization have been or can be obtained or renewed for any use on which the value estimate in this Report is based.

g. Proposed improvements, if any, on or off-site, as well as any repairs required, are considered for purposes of this appraisal to be completed in a good and workmanlike manner.

h. Responsible ownership and competent property management are assumed.

i. It is assumed that there are no hidden or unapparent conditions of the property, soil, or structures which would render it more or less valuable.

Further, unless otherwise stated in this Report, the existence of hazardous material or any other environmental problems or conditions, which may or may not be present on the property, was not observed or disclosed. We have no knowledge of the existence of such materials or conditions on or in such close proximity that it would cause a loss in value. We, however, did not search to detect such substances or conditions. The presence of substances such as asbestos, ureaformaldehyde foam insulation, radon, or potentially hazardous materials which could have an adverse effect on the value of the property were not observed or detected in our inspections. The value estimate is predicated on the assumption that there is no such material or condition on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or knowledge required to discover them.

j. No responsibility is assumed for the absence or presence of any endangered species on this property. This appraisal assumed that there are no endangered species which would prevent, restrict, or adversely affect any development or improvement of this property.

k. No impact studies and/or special market, or feasibility analysis or studies have been required or made unless otherwise specified. We reserve the right to alter, amend, revise, or rescind any of the statement, findings,

opinion, value estimates, or conclusions contained herein if any unknown study requires it.

l. Certain data used in compiling this report was furnished from sources which we consider reliable; however, we do not guarantee the correctness of such data.

m. We have accepted as correct and reliable all information provided by the owner and Client, or the owner's Client's agents, which was used in the preparation of this Report. All data came from sources deemed reliable, but no liability is assumed for omissions or inaccuracies that subsequently may be disclosed in any data used in the completion of the appraisal.

n. Neither I, nor anyone employed by me, has any present or contemplated interest in the property appraised.

o. Possession of this Report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone except for the client without the prior written consent of client and in any event, only in its entirely and with proper qualification.

p. Neither all nor any part of the contents of this Report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author excepting appropriate Freedom of Information Act requests.

q. Acceptance of, and/or use of, this Report constitutes acceptance of the above conditions and assumptions.

r. No legal agreements, customer agreements, developer agreements or other utility-related agreements were disclosed or provided and therefore have not been included in this Report.

s. It is assumed that any and all permits and easements can be transferred in the event of an acquisition with minimal effort. The renewal of the WWTP permit or other future action may require investment which is caused by regulatory action and that investment would be considered future rate base.

1.15 EXTRAORDINARY ASSUMPTIONS

The following significant assumptions were used in this work:

a. HC did inspect the System. The Client, and HC were significant contributors as they provided photographs of the System as well as communicated their opinion of the general condition of the System. To the extent that the

inventory or the RCNLD differ, the results found therein would differ. My inspection was limited and the condition assessment was found to be average condition for their age and use for several components of the system impacting my findings. I relied upon this information when forming my opinion of value.

b. No construction work in progress and no hypothecated corrective future construction activity are considered in this Report.

1.16 PROCESS AND PROCEDURES FOLLOWED

The methodology utilized to develop this valuation report was confirming the valuation assignment; gathering the necessary information for the appraisal activities; conducting, evaluating and considering 1.) the cost approach under a replacement cost new less depreciation in continued use, 2.) the income approach, and 3.) the sales comparison/market approach. Following the determinations from each distinct approach, Mr. Hartman weighed the approaches utilizing his training, experience and knowledge of the market and the subject system assets. Following the weighting of the approaches, an Opinion of Value was determined and reported in this utility appraisal.

1.17 HIGHEST AND BEST USE

The highest and best use for the Special-Purpose Property is as a public wastewater utility system. That use is a monopoly and is also an essential use both of which are characteristic of a special purpose property. Since the Property is specifically designed/ configured/constructed solely for the use as a public wastewater utility system use, no alternate highest and best use was considered.

1.18 APPROPRIATE MARKET USED

The appropriate market for this Special-Purpose Property is the non-for-profit market. The non-for-profit marketplace does not limit the asset relative to the rate return on rate base. Rather, it provides for the attributes of full and fair market value.

1.19 EXCLUSIONS

This valuation report has excluded the following aspects of the subject system and those aspects are not included in the Opinion of Value delineated herein:

- Assets owned by other associated parties.
- CWS cash equivalents, accounts receivable and deferred tax assets.

- Activities, rights, and privileges of other associated parties.

- Assumption of liabilities of CWS; it is assumed CWS will satisfy all its liabilities with the proceeds from the sale without the transfer of such liabilities to the buyer.

1.20 DEPARTURES/SCOPE LIMITATIONS

This appraisal has no known departures other than the summary and limited nature of this report.

1.21 ASSUMED STANDARD TERMS AND CONDITIONS

The standard terms and conditions commonly used in the water and wastewater industry are assumed for this appraisal as shown in Appendix E. The purchase price would be as a cash purchase in U.S. Dollars at the time of closing. It is assumed that the Property has sufficient time on the market for proper and complete disclosure and investigation by the not-for-profit marketplace. There are no limitations relative to exposure, financing, futures, prepaid or discounted connections, or other factors. It is assumed that the unconnected properties, potential home sites, commercial properties, etc. which are not active customers of the System would at the time of closing then be required to meet the tariff requirements for the connection and initiation of service to such properties. We assume that no properties are vested or prepaid or discounted in any fashion whatsoever.

1.22 CLIENT

The Client is Mr. John M.S. Hoefer, Esq. of the firm of Willoughby & Hoefer, P.A. located at 930 Richland Street, P.O. Box 8416, Columbia, SC 29202-8416 and Mr. Joe Conner, Esq. of the firm of Baker Donnelson located at 633 Chestnut Street, Chattanooga, TN 34750.

1.23 EFFECTIVE DATE

The effective date is October 9, 2017.

1.24 REPORT DATE

The report date is February 14, 2018.

1.25 FAIR MARKET VALUE DEFINITION

Fair Market Value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act and both having reasonable knowledge of the relevant facts. (Source IRS Pub. 561).

The United States and South Carolina Constitutions provide that private property shall not be taken for public use without just compensation. Just compensation is usually determined as the fair market value.

Section 2

SECTION 2
WASTEWATER FACILITIES
DESCRIPTION AND CONDITION

2.1 GENERAL

The Carolina Water Service, Inc. (CWS), a subsidiary of Utilities, Inc., owns and operates significant water and wastewater assets in South Carolina. In this appraisal report, the I-20 regional wastewater system, its corresponding service area and its operations as integrated into the CWS South Carolina Operations are defined as the "System". The system serves approximately 2,220 wastewater customers in the Oak Grove area of Lexington County, SC. The System's service area generally extends from Leaphart Road & Cromer Road on the North to Hwy 1 on the south, from Mineral Spring Circle on the East to Dickert Drive & Timbergate Road on the West, and is generally presented in Figure 1-1.

2.2 WASTEWATER SYSTEM

CWS provides service to its wastewater utility customers in the Service Area. The wastewater system is generally comprised of collection, flow equalization, transmission, treatment and disposal components. The descriptions presented herein are based upon field inspections conducted on December 4th, 2017 by HC; information provided by CWS and their consultants including engineering drawings, overall utility maps and regulatory permits; limited interviews with CWS personnel and with CWS consultants; and information filed with the South Carolina State Public Service Commission.

The wastewater system consists of the following components:

- 2,220 Customer Services and 2,325 ERC's
- 137,000 linear feet (lf) Gravity Collection System including Services
- 578 Manholes
- 16 Lift Stations
- 3 Flow Equalization Facilities (Satellite)
- 53,000 lf Force Mains
- 0.8 MGD Wastewater Treatment Plant
- Effluent Disposal Facilities (flow metering, dechlorination, discharge structure, etc.)

2.2.1 Wastewater Services

The customer wastewater services collect wastewater from the customers conveying it to the gravity collection system. Wastewater services connect the customer to the local gravity system. As of October 9, 2017, there were approximately 2,220 wastewater customers in the CWS wastewater service area.

2.2.2 Gravity Collection System

The individual segments of CWS wastewater gravity collection system comprised of pipelines and manholes, collect wastewater from the customer services along the pipe routing of the segments. This wastewater collection continues until the pipe routing conveys the wastewater to a lift station to be pumped for further conveyance within the system. Ultimately, the wastewater is conveyed to a wastewater treatment plant (WWTP). The collection system consists of approximately 137,000 feet of gravity piping (the 2,220 services average 17 feet of 4" gravity to the 8" gravity collection). The construction drawings show that the entire collection system is constructed of either 8-inch PVC or vitrified clay pipe. The gravity pipes are installed at varying depths for gravity flow of the wastewater within the system.

There are 578 sanitary manholes in the wastewater collection system. The depths of the manholes correspond to the depths of the intersecting gravity pipeline. The manholes are constructed of precast concrete and are equipped with cast iron access covers. Section 4 presents an inventory of the collection system pipe by total length, material, and diameter.

Due to the age of the collection system and the material used in construction, it is anticipated that the wastewater collection system is in average condition.

2.2.3 Lift Stations

Wastewater flows to individual lift stations from the gravity collection system that serves a specific segment of the Service Area. Wastewater flows by the gravity system to a lift station, is either pumped to another lift station, another segment of the collection system, another force main, or directly to the wastewater treatment plant. Regardless of the routing, ultimately all wastewater flows are conveyed to the wastewater treatment plant.

There are a total of sixteen (16) lift stations, including three (3) pump stations at the flow equalization/pretreatment ponds and one (1) effluent pump station at the WWTP, that serve the CWS I-20 wastewater Service Area. All lift stations are electrically powered via underground electric service and each lift station is equipped with an auxiliary connection for an emergency portable generator in the event of a power failure. In addition, the lift stations also have emergency pump out connections, and audible and visual alarms. The lift stations are constructed of concrete wetwells, stainless steel control panels, aluminum checkplate hatches, pump guide rails, and float switches. An inventory of the lift stations within the wastewater system is included in Section 4.

Overall, the lift stations appeared to be in average condition.

2.2.4 Force Mains

As previously described, collected wastewater is conveyed to the lift stations and is then pumped through the system ultimately to the wastewater treatment plant by a system of force mains. The force main system is made up of approximately 53,000 feet of pipe ranging in size from 4 to 10 inches. The pipe material used for construction is primarily PVC. Section 4 presents an inventory of the force mains in the system along with its diameter, length and material. Due to the age of the system and the material used in construction of the force mains, the transmission system is expected to be in average condition.

2.2.5 Wastewater Treatment Plant

The wastewater treatment plant site is located in center of the Service Area, on the north end of Pear Court. The wastewater treatment plant is referred to as the I-20 Regional Wastewater Treatment Plant (WWTP) and its NPDES Permit number is SC0035564.

The WWTP is currently operating as a secondary treatment system. The plant was originally built in 1968 and modified in 1981 and 1994 to treat the flow from several small treatment plants that were in the area but now are no longer in service. The plant's current capacity is 0.800 million gallons per day (MGD) with a proposed future pending upgrade to tertiary treatment. The upgrade will also increase the WWTP treatment capacity to 1.051 MGD.

The WWTP is a 2.1 acre step aeration oxidation pond with a post air cell. The onsite facility includes the oxidation pond with several aerators, an effluent pump station with two (2) pumps, and a chlorination tank for disinfection. The off-site facility includes a flow measurement device and a sulfur dioxide gas de-chlorination chamber. The facility also has a 0.31 acre pond on the WWTP plant site that is currently available for high flow conditions storage. There are steel tanks on site also.

The WWTP receives some of the wastewater from three (3) separate aerated pretreatment ponds (Spring Hill Subdivision, Oakgrove Estates and Woodsen Subdivision), which were converted from small individual wastewater treatment plants to pretreatment/equalization ponds (EQ) and discharge to the I-20 Regional WWTP via force mains. The Spring Hill EQ pond consists of one pond with one (1) operating aerator and another as a back up. The system also has an underground effluent pump station and two (2) ground water monitoring wells. The Oakgrove Estates EQ pond consists of two (2) ponds; one is an aerated lagoon with two aerators, and the second pond is polishing pond with three (3) aerators; an above ground effluent pump station and two (2) ground water monitoring wells. The Woodsen subdivision EQ pond consists of an aerated lagoon with two (2) aerators, and effluent pump station with two pumps and two (2) ground water monitoring wells.

2.2.6 Effluent Disposal

The effluent disposal from the WWTP is pumped approximately 2.1 miles generally parallel with Interstate I-20 to the Saluda River. The effluent flows through a de-chlorination by sulfur dioxide and flow measurement facility (a 5' rectangular weir with end contractions) prior to being discharged into the Saluda River.

2.2.7 Land and Land Rights

Land and land rights are presented in Appendix F.

2.2.8 Historic Wastewater Data

The historic wastewater flows and effluent quality for the WWTP were reviewed. The wastewater flows for the Service Area follow a slight seasonal trend. This pattern has remained relatively constant and is indicative of a utility with a rural customer base.

2.2.9 Regulatory Analysis

The South Carolina Department of Health and Environment Control regulates the WWTP operation and compliance. The I-20 regional wastewater system operates under permit SC0035564 which was issued on September 10th, 2001 and expired on November 30th, 2006, yet continues to be effective since a timely renewal application was submitted. The CWS is in the process of upgrading the permit through SCDHEC. Based on conversations with SCDHEC a notice of intent to issue is being prepared by the Agency. SCDHEC'S review of the system revealed several operational practices that will require modification under the new permit, however, capacities and effluent limitations are not expected to change.

The facilities are currently operating under the old permit while issuance of the new permit is pending. The permit establishes the WWTP treatment capacity at 0.800 MGD. The pending upgrade for the WWTP will raise the capacity to 1.051 MGD. Appendix D provides a summary of the WWTP and NPDES permitting. Currently, the WWTP facilities are operating under the old permit until the conclusion of the pending condemnation case.

2.2.10 Other Tangible Property

The other tangible property taken by the Town of Lexington, S.C. includes the following:

- Customer Database – Electonic File (Excel)
  - Name
  - Service Address
  - Billing Address
  - Customer Type – Residential, Commercial, Mobile Home
  - Billing Amount
  - Billing Period

- Other Customer Data
  - Billing Records
  - Any Service Agreements
  - Any Customer Correspondence
  - Taps Sold Buy not yet Installed

- Utility Information – Service Address & Provider
  - Electricity
  - Phone
  - Other

- Property Records
  - List all properties associated with System including address, deeds, easements, surveys, encroachment permits (SCDOT, Lex, County)
  - Occupancy Agreements (Central Electric Co-op, SCE&G, Dominion, etc.)

- Copies of Regulatory Records:
  - DMRs, Permits, SCDHEC Correspondence, ORS Records including filings and correspondence, Closed-out consent degrees, etc. from January 1, 2016 forward.

- Maintenance Records including Work Orders, O&M Manuals, copies of service contracts, and Preventative Maintenance Records.

- Any emergency response plans that have been developed for the System.

- Any GIS mapping that has been developed for the System.

- Record Drawings.

- Copies of any outstanding contracts or agreements.

- A list of any items or areas that are known to need immediate maintenance or repair.

- List of supplies, specifically for chemicals.

- Spare parts.

- Any keys associated with cylinder locks (not padlocks)

2.2.11 Additional Tangible Property

The additional tangible property which is taken include:

- Property Records
  - Plans and Specifications for the Wastewater System
  - Engineering Reports, Studies, Investigations, Soil Borings, Monitor Wells, etc.
  - Operational Reports, Studies, and Investigations

- Financial Records
  - Financial Reports, Studies, and Investigations

- Administrative Records

2.2.12 Intangible Property

That intangible property associated with the wastewater utility including but not limited to:

- Certifications
- Goodwill
- Securities
- Contracts and Contract Rights
- Exclusive Service Area
- Permits
- Management Procedures and Practices
- Engineering, Planning, Technical Determinations
- SOP's
- Customer Lists/Data/Financial/Admin., etc.
- Cost to Grow the Customer Base

2.3 SUMMARY

In general, based on inspections and document review, the CWS 1-20 regional wastewater facilities are in average condition. There are some facilities related cost liabilities identified with the wastewater facilities which include minor deficiencies, and/or maintenance items.

Deficiencies are identified as those items that directly affect the operations, level of service, regulatory compliance, or other issues associated with a utility. Deferred maintenance is considered to be work required on the system that does not currently affect its operation or level of service but is nevertheless required to keep the facilities functioning properly.

The pipes and valves in most of the lift stations require general corrosion removal, repainting and minor deferred maintenance. A total of $16,000 is allocated to this maintenance.

The wastewater treatment facilities are scheduled to receive improvements and additions in response to a System Options Analysis that is currently under review. The aerators in the three EQ ponds and oxidation ponds require general clean up and other minor deferred maintenance items. A total of $23,200 is allocated to these improvement and maintenance activities.

The additions, deletions and depreciation thereon as well as items consumed for 2017 through 10/9/2017 resulted in an adjustment of ($121,332).

No damages to the integrated I-20 water system, to the CWS statewide system, or to the Utilities, Inc. operations are included herein.

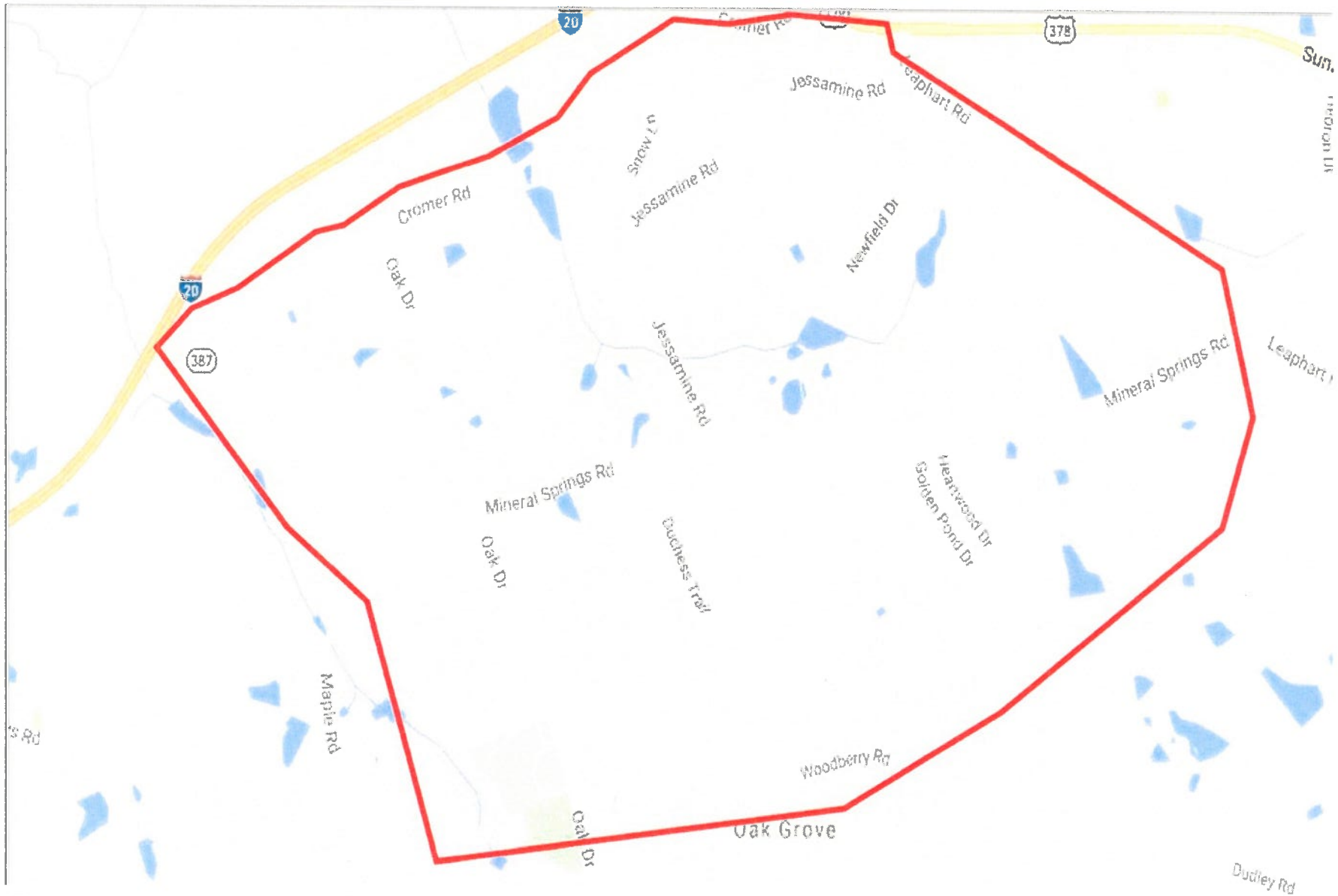
TABLE 2-1
CAROLINA WATER SERVICE, INC.
I-20 SYSTEM
CONDITION OF WASTEWATER FACILITIES

Wastewater System

I.	Gravity Collection System	Average
II.	Transmission System	Average
III.	Treatment Facility	Average
IV.	Effluent Disposal	Good

Note: (1)

Excellent	Facilities are in proper working order, well-maintained, and no deferred maintenance.
Good	Facilities are in proper working order and well-maintained with only minor deferred maintenance identified.
Average	Facilities are in proper working order, maintained at industry standards with some deficiencies and deferred maintenance identified.
Fair	Facilities may not be in proper working order and are not maintained at industry standards with significant deficiencies and deferred maintenance.
Poor	Facilities cannot properly function due to excessive deficiencies and deferred maintenance.



Gerald C. Hartman, PE, BCEE, ASA Hartman Consultants, LLC	**CAROLINA WATER SERVICE, INC.** **I-20 SERVICE AREA – GENERAL LOCATION MAP**	**Figure 2-1**

TABLE 2-2
CAROLINA WATER SERVICE, INC.
I-20 SYSTEM
DEFERRED/MAINTENANCE COST ESTIMATE

Description	Estimated Cost	Classification
Wastewater Collection System	$ 16,000	Deferred Maintenance
Wastewater Treatment Facility	$ 23,200	Deferred Maintenance
SubTotal	$ 39,200	

Net reduction for retirements and use of inventory and consumables upto 10/9/2017.

Subtotal	$ 121,332
Total Adjustment	**$ 160,532**
Rounded	**$ 161,000**

Section 3

SECTION 3
VALUATION METHODS

3.1 GENERAL

The objective of this appraisal report is to establish an opinion of the "fair market value" of the utility. Fair market value assumes that both the buyer and the seller are aware of all relevant information and that neither party is under the compulsion to act. The methods utilized herein are to provide a basis for an opinion of value consisting of the reconciliation of three approaches consisting of:

(i) the cost approach;
(ii) the income approach; and
(iii) the comparable sales approach.

These approaches analyze various aspects of the system, including the physical conditions of the existing system, the cash flows anticipated to be generated by the utility in the future, and finally, the transaction factors related to the acquisition of similar utilities in the past. The consideration of all three provides a range for determining the value of the utility system based on numerous relevant factors. The remainder of this section provides a general description of the valuation approaches utilized for this Report.

3.2 COST APPROACH

The replacement cost new less depreciation (RCNLD) is a cost approach method that is commonly utilized in the determination of estimated value in utilities and has been an accepted method in litigation cases involving the acquisition of utilities throughout the United States. The primary reason for this is the fact that most utilities are comprised of complex treatment, pumping and piping networks which all have various service lives and different years of installation. In order to address these technically complex facilities, the RCNLD approach has been developed.

There is a difference between the reproduction cost and the replacement cost of utility assets. The reproduction cost is a duplication of exactly the same facilities. In contrast, the replacement cost is the provision of facilities that would be available today with their improved efficiencies and more effective cost implementation utilizing the commercially available materials, equipment, etc. complete as one single project and obtaining the economy of scale thereof. The replacement cost method assumes that the most economical sequence of construction is utilized. This means that the cost of restoration, impacts of conflicts, etc. are not included. In addition, only one (1) start up and shut down cost is included. Similarly, any premiums or overtime costs or special procurement mobilization/demobilization costs are not included other than for the single large economic construction project. The replacement cost approach excludes excess capital which an investor would normally not pay for in the existing facilities. Rather, the

approach is based upon the theory of the substitution and the prevailing market concept that no investor would pay more than the cost to replace the same system with the same characteristics.

There are three (3) components to the overall depreciation taken in this approach. The first component of depreciation, and the first to be applied, is the physical depreciation of the asset. The second level is the functional obsolescence of the existing asset and is deducted from the replacement cost new less physical depreciation. The functional obsolescence is associated with the facilities themselves and is inherent to the system itself being derived from construction, configuration, operations, management, and administration. The final component in the method is for external obsolescence. External obsolescence accrues from all factors impacting the system. The impact of future rate and charge regulation or lack thereof, the ability to generate excess revenues sufficient to support the physical asset value, market conditions, development conditions, and many other factors external to the system itself.

The RCNLD analysis is based upon the following assumptions:

1. All utility physical assets are designed, permitted and constructed in one continuous effort.

2. The construction activities are assumed to follow a single large project construction in the service area.

3. The engagement of general contractors, acting for the utility and under its supervision, utilizing current construction practices and procedures to replace the property in such manner as to achieve all efficiencies that these procedures and practices would allow.

4. The replacement unit prices include the cost of all labor and material directly related to specific items and the use of construction equipment. They also include all material costs, installation costs, and construction management costs. The unit prices are from recent sources or are adjusted based on the appropriate index.

5. The replacement costs include an allowance for the contractor's indirect costs which are not specifically and directly identifiable with any distinct unit of property.

6. The replacement cost includes the costs associated with overhead and engineering fees incurred throughout the course of the project. These costs are presented as a percentage of the total construction costs of the reproduced facilities and depreciated in the replacement cost analysis.

3.2.1 Depreciation Analysis

Depreciation is defined basically as the loss of value or worth of a property from any cause including those resulting from physical deterioration, functional obsolescence and external obsolescence. The usual causes include normal wear and tear through use, insufficient maintenance, exposure to the elements, and obsolescence through improved technologies. These causes and their effects are usually unique to each utility. Accrued depreciation used in the replacement cost approach is the difference between the replacement cost of the old property with new property and the estimated market value at the time of appraisal of the old property.

3.2.1.1 Typical Methods of Depreciation

There are three basic methods of determining depreciation:

1. Accelerated depreciation.
2. Straight-line depreciation.
3. Inferred depreciation.

Each method differs in how the rate of depreciation changes throughout the service life. The accelerated method depreciates an asset faster at the beginning of the service life; the straight-line method depreciates an asset evenly across its service life; and the deferred depreciation method depreciates an asset toward the end of its service life.

Accelerated methods for depreciation are generally used for tax purposes and are not generally available to utilities for accounting or rate-making purposes. The deferred depreciation method provides for depreciation rates slower than straight-line depreciation and has been used by a few regulatory agencies.

The straight-line depreciation method is generally required by the regulatory environment on utilities for book purposes. Straight-line depreciation applies a constant rate over the asset's life based on the formulas shown below:

$$\text{Depreciation \%} = X/L$$
$$Vp = B\,(1-X/L) + Vs$$

where L is the service life (using the ASL or, where appropriate, an adjustment), B is the depreciable base, Vp is the depreciated reproduction value, X is the age in years, and Vs is the salvage or residual value.

The straight-line depreciation method is the most widely used method among utilities and provides a uniform and straightforward system for depreciating assets over a given average service life. As such, straight-line depreciation is employed for the purpose of this Report. In addition, 20 percent of the replacement cost has been used for the residual value of the fully depreciated assets. Even though the fixed physical assets may have served their typical average service lives; maintenance, renewals and restorations also

continued use. There is a residual value remaining for these assets when continuing in use.

3.2.1.2 Average Service Life Schedule

I have conducted an average service life (ASL) studies which documented the ASL schedules for water and wastewater utilities throughout the United States. The sources utilized in the study include replacement rates for private utilities, schedules used by public utilities, nationally published ASL schedules, and anticipated service lives from national water and wastewater treatment equipment manufacturers. The ASL is defined as the weighted average of the individual lives of a group of similar assets put into service at the same time. In general, the ASL represents the anticipated time period over which the property will provide useful service.

The appropriate ASL schedule for valuation of any utility should consider manufacturers' anticipated service lives, maintenance of facilities, and the utility system as determined by field inspections. This information was utilized to obtain the ASL for the assets of the CWS I-20 Systems under normal service, including proper maintenance and repair. The resulting ASLs are defined in Section 4 of this Report.

The effects of both the level of maintenance performed on the CWS I-20 Regional Wastewater System and the deficiencies of the system on the value of the assets are addressed later in this analysis. These effects were determined based on inspections, evaluations, and analyses of the system assets which provide specific functions for the system.

3.2.2 Cost Determination

The use of construction costs in the determination of the estimated cost-new valuation is of primary significance. These construction costs are obtained from several sources.

3.2.3 Indirect Cost Components and Percentages

The cost approach includes the costs associated with overhead incurred throughout the course of construction. These costs are presented as a percentage of the total construction costs of the replaced facilities. Engineering and other costs are depreciated as they are associated with the assets in the replacement cost analysis.

3.3 INCOME APPROACH

The income approach values the utility based on the present value of available cash flows anticipated to be generated in the future. The theory behind this particular approach is based upon the concept of converting the anticipated financial benefits of ownership in the future to an estimate of the present value in today's environment. Depending upon the circumstances surrounding each acquisition, the income stream may be based on the net

operating revenues derived from existing and future growth as well as the value of capital contributions received from new system growth in the future.

Utilizing this approach, the net income for the utility is projected over a specific time frame and subsequently expressed in terms of its value today based upon the use of an appropriate discount factor. In order to reflect future financial and operational conditions as accurately as possible, this approach relies heavily on past and present financial data such as that found in audited financial statements and financial reports. Once the projection of net income available over the specified time period is determined, a reversion value of the assets is estimated in order to recognize the value of the system as an ongoing entity beyond this projected time period. This adjustment is based on the concept that the utility does not simply cease to exist at the end of the projection period. Rather, the assets of the system will still provide a means of generating revenue. As such, the reversion, or residual, value of the assets existing at the end of the projection period is included in the present value analysis. Finally, any other adjustments which may be appropriate are made based on the circumstances surrounding the particular acquisition. Such circumstances may include, but not be limited to, adjustments for capital deficiencies which may exist at the time of acquisition, deferred maintenance items and similar requirements.

Either a direct capitalization or a discounted cash flow (DCF) with reversion method are commonly used.

3.4 COMPARABLE SALES (MARKET) APPROACH

The comparable sales approach to utility valuation assumes that knowledgeable buyers and sellers of water and wastewater utilities generally know the "Market" for such utility systems. The purpose of this market approach is to examine the history of water and wastewater utility acquisitions, and to analyze the conditions under which the systems were acquired in an effort to arrive at an implied purchase price for the subject system. Research has been conducted in order to gather a database of information regarding utility acquisitions. In order to compare the different transactions various characteristics were analyzed and adjusted. Moreover, discussions with the negotiators, buyers, and sellers are useful and informative to the analyses.

There are many factors which are involved in the determination of an acquisition price of a utility system. These factors create both similarities and differences between the transactions, which in essence, result in the formation of a well mixed market of utility sales. The comparable sales approach considers such factors and makes adjustments as necessary in order to arrive at an implied value for the subject system.

3.5 SUMMARY

In an effort to formulate an opinion of value for the system, this Report will consider three valuation approaches. The three valuation approaches include the: 1) cost approach; 2)

income approach; and 3) comparable sales (market) approach. Each approach is independent and results in a separate and distinct finding. Such findings are subsequently considered together with other factors to formulate an opinion of value for the CWS I-20 Regional Wastewater System. The resulting opinion of value is based upon the foregoing findings as well as professional experience.

Section 4

SECTION 4
COST APPROACH

4.1 INTRODUCTION

This section presents the opinion of the replacement cost value for the I-20 Regional Water and Wastewater System owned and operated by CWS. The methodology used in the cost approach valuation of the aforementioned system is the replacement cost new less depreciation (RCNLD). This method is commonly utilized to determine the value of public utilities and it has been my experience that the method has been accepted with regard to value for several court cases involving the acquisition of utilities throughout the United States. The primary reason for using the RCNLD method is the fact that most utilities are comprised of complex treatment, pumping, and piping networks with various service lives and years of installation. In order to address these technically complex facilities the RCNLD approach has been used.

4.2 REPLACEMENT COST DETERMINATION

As discussed in Section 1, the CWS I-20 System is a Special Purpose Property. The replacement cost of this Special Purpose Property, in place and in-service, is determined by calculating the construction cost of equivalent or like-kind new facilities. The use of construction costs in the determination of the new like-kind or equivalent facilities is derived from a variety of sources.

The American Society of Appraisers (ASA), in their Principals of Valuation courses involving the machinery and technical specialties have developed valuation guidelines which include the specific provision for public utilities. The valuation methodology is summarized through the ASA courses for machinery and equipment valuation. The methodology includes guidelines for rounding of valuation amounts as summarized in **Table 4-1**. The replacement cost determination analysis presented in this Report is compliant with the Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition.

TABLE 4-1
Rounding of Valuation Amounts

Amount Determined	Rounded to Nearest
0 - $2,000	$10
$2,001 - $20,000	$100
$20,001 - $500,000	$1,000
$500,001 - $10,000,000	$10,000
Over $10,000,000	$100,000

Source: ASA guidelines

4.3 RECOMMENDED AVERAGE SERVICE LIFE SCHEDULE

Average Service Life Schedule, for major wastewater system components have been assigned an average service life based on my experience, training, research and service life studies performed by me. HC's professional staff has performed numerous asset studies utilizing ASL schedules for water and wastewater utility systems involving surveys of private utilities, analysis of state regulated utilities, specific surveys for condemned utility systems and other legal cases, as well as utilizing the available information related to the depreciation of public utility assets.

Table 4-2 is a schedule of the average service life for major wastewater systems components. These ASL values are applied to the various utility components to determine depreciation costs in this Report. The depreciation has been taken on a straight-line basis. Note that land, easements, and some other items have not experienced depreciation or are too new to be considered depreciated (inventory/consumables).

Table 4-2
Average Service Lives Used

Description	ASL (Years) [1]
4" Services	65
6" Services	65
6" Gravity	70
8" Gravity	75
10" Gravity	85
12" Gravity	90
Manholes 4' dia.	75
4" Force Mains	60
6" Force Mains	65
8" Force Mains	70
10" Force Mains	75
10" Effluent Main	80
Wastewater Treatment Plant/Equalization	40
Stormwater Settling Facility [2]	50
Effluent Disposal/Discharge	65
Pump Stations (Composite)	40

[1] Rounded
[2] Earthwork @ 65 years

4.4 INDIRECT COST COMPONENTS

The indirect cost components included in this analysis are legal costs; insurance costs and other related insurance items; licenses, permits, and fees; technical services; financing costs; and Owner's overhead costs. **Table 4-3** defines these indirect cost components as a percentage of the cost of the asset. This is customary and typical for the utility industry. Note that the ASCE Manual of Practice No. 45 Engineering curves are utilized for the Technical Service aspects. As to financing, it is assumed that the construction period for this hypothetical replacement project would be 36 months using a conventional loan and a 4% interest rate on the financing provided resulting in a 6% costs. A developer has general administrative costs which are typical for a water and wastewater system project of this kind. Those costs include the business administration, staffing, owner's overhead, and planning costs associated with the owner's business activities associated with a project. This percentage has been taken at 1.1%. The cumulative total indirect cost for the project has been determined at 18.0% without construction management.

Table 4-3
Indirect Cost Components and Percentages

Description	Percentage [1]
Legal, etc.	1.0%
Insurances, etc.	0.5%
Licenses, Permits, and Fees	1.0%
Accounting	0.5%
Technical Services, Engineering, Surveying	7.9% [2]
Financing (36 months – 50% conventional loan)	6% [3]
Administration, Overhead, Planning, Owner's Rep., etc.	1.1%
Total [4]	18.0%

Notes: [1] Otherwise stated from market review of total project costs without premiums or interveners or special services.
[2] ASCE MOP 45 curves.
[3] Assumes financing @ 4%.

4.5 REPLACEMENT COST ANALYSES

This valuation report includes the replacement cost analyses as conducted by Mr. Gerald C. Hartman, P.E., DEE, South Carolina Registration No. 15389. The quantities, dates, and inventory of assets were provided by CWS and grouped to an average date in some cases or the average date for an installation. The items were verified, reviewed, and supplemented by HC as appropriate through field inspection and document cross reference. The results of the replacement cost new less depreciation determination are summarized in the following sub-sections.

4.5.1 Gravity Wastewater Collection

The gravity wastewater collection system owned by CWS in the I-20 service area includes customer services, gravity collection pipes and manholes. The RCNLD for these facilities are shown on **Table 4-4**.

4.5.2 Wastewater Lift/Pump Stations

The gravity collection systems flow into area wastewater pumping stations. These stations are presented in **Table 4-5**. The pump stations discharge into force mains.

4.5.3 Wastewater Force Mains

The I-20 system has raw wastewater transmission force mains and an effluent disposal force main. **Table 4-6** presents the RCNLD for the I-20 force mains.

4.5.4 Wastewater Equalization and Treatment Systems

The wastewater equalization and treatment systems take the raw wastewater discharge from the gravity collection and force main systems. **Table 4-7** presents the RCNLD for these I-20 facilities.

Table 4-8 presents a summary of Tables 4-4, 4-5, 4-6 and 4-7.

4.5.5 System Deficiencies and Deferred Maintenance

Deficiencies and deferred maintenance include costs for accrued renewal and replacement, risk of failure for the used mechanical equipment, piping and/or structures and items observed to be in need of repair and general maintenance. The deficiencies associated with the wastewater system have been identified in Section 2. The cost requirement for the wastewater system deficiencies and deferred maintenance is $39,200. A total value of $39,200 is deducted from the RCNLD to reflect the deficiencies.

A second adjustment is for current depreciation, current additions, current deletions and item consumed. The amount for this adjustment is $121,332.

4.5.6 Fixtures, Equipment, Rolling Stock, Consumables and Inventory

The moveable fixtures, equipment, rolling stock, consumables and inventory associated with the CWS system that expected to remain with the system is evaluated separately from the RCNLD value. A value of $110,000 has been allocated for these items.

4.5.7 System Records

HCD evaluated the system records, all of which are being transferred to the County complete without retainage of any available item. The value of the system records is taken at $120,000.

4.5.8 Intangible Property (Including Going Concern)

The value of a business property, including a private utility, is more than the mere cost to replace less depreciation. Intangible property is the measure of the difference between on-going and profitable business versus solely the facilities constructed. In other words the difference between a "live" plant and a "dead" plant. Going concern value is an enhancement to the business facilities value because the business facilities are is in use. Such value increment must include whatever is contributed by the fact of connection of the items making a complete and operating business facility. Elements of going concern value include, but are not limited to, the time and cost of building the business, the establishment of service routes and customers, the exercise of managerial skill and the efficiency of the work force, and the records of profitability of the fully functioning and organized business. There are three (3) traditional methods of establishing the value of the intangible property. The first method has going concern expressed as a percentage of the business facilities physical value. The going concern value of typical water and wastewater systems has ranged from seven point five to twenty-five (7.5 to 25) percent.

The first method is a percentage of the depreciated facilities physical value. In Nichols on Eminent Domain valuing public utilities the industry and regulatory average during the fair value era was established by the various public service commissions. This method I call the "Percentage" method.

The second method is a construct and lost profits approach. This method takes the current net revenues for the period of construction (in this case three 3 years) and applies a present value discount (i.e. 7% for 2018, 2019 and 2020 using a midpoint convention for the prospective years). I call this method the "Lost Profits" approach.

The third method is a cost build-up method estimating the current costs to accomplish the intangible and going concern activities.

Those typical items include:

a) Other Non-physical assets---no estimate
b) Franchises--- see below

c) Trademarks---no estimate
d) Patents---no estimate
e) Customer Programs, etc.---As a utility, there is a great deal of traditional good-will accrued in the system. What has been accomplished are the customer education programs and customer service training and established customer practices. For an approximate 2,325 sewer ERC's such programs are valued at approximately $222,000.
f) Equities---no estimate
g) Securities---All customer deposits are being transferred to the extent they exist. The payment history of the customer base is excellent at $25,000.
h) Contracts and contract rights---The value of vendor contracts, customer agreements, customer easements and other easements.
i) The estabalished service area---The wastewater service area is developed with primarily residential units. That exclusive service area (though no value is given in rate case settings) in the present industry market is 50 times the ERC's served. The approximate value estimate is $115,000.
j) Permits---The DHEC wastewater permits, as well as the licenses for the system operations and communications, have an establishment cost estimated at $80,000.
k) Management procedures and practices---The records and programs that the CWS will transfer and that will be used by Lexington for the I-20 system are estimated to have a value of $65,000.
l) Exclusive easements---valued with the real estate.
m) Preliminary engineering, planning, and technical determinations---The 5-year CIP has an estimated cost of approximately $9.5 million. At an average of 3% for that program is $285,000.
n) Establishment of SOP's---For a system with treatment, many aspects are established. An amount of $40,000 is provided based on these.
o) Customer lists/data/billing/financial/integrated company activities---The Financial information and customer histories are quite useful. Data entry is streamlined and parallel billing to insure a seamless transition is valuable. Access to company-wide resources and support that is integrated has value. An amount of $100,000 is allocated.

The total of the identified cost build-up items is $1,342,000. Rounded the amount is $1,340,000.

Table 4-9 presents a summary of the three traditional methods of utility intangible property valuation applied to the I-20 Wastewater System.

In my experience, verification of market acceptance of going concern can be found in purchases and sales, arbitration orders, franchise agreements and other sources.

4.5.9 Functional Depreciation

No functional depreciation was found.

4.5.10 External Depreciation

No external depreciation was found.

4.5.11 Land

The land value is presented in Appendix F.

4.5.12 Cost Approach Summary

The findings on the replacement cost new less depreciation analysis performed in the previous sections are summarized in **Table 4-10**. The purpose for the analysis is to assess the estimated value for the CWS I-20 Regional Wastewater System. The total replacement cost new less depreciation is calculated to be $13,290,000 or $13,300,000 as rounded.

Table 4-4

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Gravity System

No.	Description [1]	Qty (LF)	Avg. Year In Service	Current Replacement Unit Cost [2]	Est. Total Cost New	Age as of 2017	Estimated Service Life [3]	Composite Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
	Services									
1	4-Inch Services	2,220	1985	$882.30	$1,958,706	32	65	49.02%	$963,683	$995,023
	Gravity Mains									
2	8-Inch - PVC	50,935	1985	$51.90	$2,643,527	32	75	42.07%	$1,128,786	$1,514,741
3	8-Inch - Clay (use PVC)	56,892	1980	$51.90	$2,637,039	37	75	49.30%	$1,300,060	$1,336,979
4	**Subtotal Services & Gravity Mains**				**$7,239,272**			**46.86%**	**$3,392,529**	**$3,846,742**
	Manholes									
5	Manholes	578	1982	$3,200.00	$1,849,600	35	75	46.70%	$863,763	$985,837
6	**Subtotal Manholes**				**$1,849,600**			**46.70%**	**$863,763**	**$985,837**
7	**TOTAL WASTEWATER GRAVITY SYSTEM**				**$9,088,872**			**46.80%**	**$4,256,292**	**$4,832,579**

Notes:

1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.

2 Cost new to replace gravity mains per bid tabs and contractor / manufacuture quotes including material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.

3 Average service lives are based on recommended depreciation schedules.

Gerald C. Hartman, PE, BCEE, ASA
Hartman Consultants, LLC

Table 4-5

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Pump Stations

No.	Description [1]	Qty	Unit (EA/HP)	Year In Service	Replacement Unit Cost [2]	Estimated Total Cost New	Age as of 2017	Estimated Composite Service Life [3]	Composite Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	Pum Station #1 - 8" Diam.	1	1	1978	$190,830	$190,830	39	40	80.00%	$152,664	$38,166
2	Pum Station #2 - 8" Diam.	1	1	2002	$190,830	$190,830	15	40	37.50%	$71,561	$119,269
3	Pum Station #3 - 10" Diam.	1	1	1988	$318,050	$318,050	29	40	72.50%	$230,586	$87,464
4	Pum Station #4 - 8" Diam.	1	1	1978	$190,830	$190,830	39	40	80.00%	$152,664	$38,166
5	Pum Station #5 - 8" Diam.	1	1	1990	$190,830	$190,830	27	40	67.50%	$128,810	$62,020
6	Pum Station #6 - 8" Diam.	1	1	1987	$254,440	$254,440	30	40	75.00%	$190,830	$63,610
7	Pum Station #7 - 8" Diam.	1	1	1995	$190,830	$190,830	22	40	55.00%	$104,957	$85,874
8	Pum Station #8 - 8" Diam.	1	1	1986	$190,830	$190,830	31	40	77.50%	$147,893	$42,937
9	Pum Station #9 - 8" Diam.	1	1	1988	$190,830	$190,830	29	40	72.50%	$138,352	$52,478
10	Pum Station #10 - 10" Diam.	1	1	1978	$254,440	$254,440	39	40	80.00%	$203,552	$50,888
11	Pum Station #11 - 8" Diam.	1	1	1983	$190,830	$190,830	34	40	80.00%	$152,664	$38,166
12	Pum Station #12 - 8" Diam.	1	1	1980	$190,830	$190,830	37	40	80.00%	$152,664	$38,166
13	Pum Station #13 - 8" Diam.	1	1	1978	$254,440	$254,440	39	40	80.00%	$203,552	$50,888
14	Pum Station #14 - 8" Diam.	1	1	1978	$190,830	$190,830	39	40	80.00%	$152,664	$38,166
15	Pum Station #15 - 8" Diam.	1	1	1995	$190,830	$190,830	22	40	55.00%	$104,957	$85,874
16	Pum Station #16 - 8" Diam.	1	1	2006	$190,830	$190,830	11	40	27.50%	$52,478	$138,352
17	**Total Pump Stations**					**$3,371,330**			**69.43%**	**$2,340,848**	**$1,030,482**

Notes:

1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.

2 Cost new to replace pump stations per bid tabs and contractor / manufacuture quotes including material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.

3 Average service lives are based on recommended depreciation schedules.

Table 4-6

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Force Mains

No.		Total Length (LF)	Average Year in Service	Estimated Unit Cost [2]	Estimated Total Cost New	Age as of 2017	Estimated ASL (Yr) [3]	Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	4-Inch PVC	28,168	1980	$33.00	$929,544	37	60	61.67%	$573,219	$356,325
2	6-Inch PVC	3,878	1980	$40.00	$155,120	37	65	56.92%	$88,299	$66,821
3	8-Inch PVC	110	1985	$50.00	$5,500	32	70	45.07%	$2,514	$2,986
4	10-Inch PVC	9,208	1985	$62.00	$570,896	32	75	42.07%	$243,773	$327,123
5	10-Inch PVC Effluent	11,200	1994	$62.00	$694,400	23	80	28.08%	$199,987	$494,413
6	**Total Force Mains**	**52,564**			**$2,355,460**			**45.44%**	**$1,107,792**	**$1,247,668**

Notes:

1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.

2 Cost new to replace force mains per bid tabs and contractor / manufacuture quotes including engineering, permitting, material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.

3 Average service lives are based on recommended depreciation schedules.

4 Effluent force main and gravity discharge.

Table 4-7

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Wastewater Treatment Facilities

No.	Description [1]	Qty	Capacity (HP)	Estimated Unit Cost [2]	Estimated Total Cost New	Year in Service	Age as of 2017	Estimated ASL (Yr) [3]	Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	Oak Grove Aerator	3	2.0	$12,722	$38,166	1996	21	35	60.00%	$22,900	$15,266
2	Oak Grove Aerator	2	7.5	$2,544	$5,089	1995	22	35	62.86%	$3,199	$1,890
3	Oak Grove Basin (SF)	1	60,000	$250,000	$250,000	1995	22	35	62.86%	$157,143	$92,857
4	Woodsen Aerator	2	2.0	$12,722	$25,444	1986	31	35	80.00%	$20,355	$5,089
5	Woodsen Basin (SF)	1	15,000	$60,000	$60,000	1991	26	35	74.29%	$44,571	$15,429
6	Spring Hill Aerator	2	2.0	$12,722	$25,444	1986	31	35	80.00%	$20,355	$5,089
7	Spring Hill Basin (SF)	1	15,000	$60,000	$60,000	1991	26	35	74.29%	$44,571	$15,429
8	WWTP Aerator	19	2.0	$12,722	$241,718	1986	31	35	80.00%	$193,374	$48,344
9	Chlorinator	1		$63,610	$63,610	1996	21	35	60.00%	$38,166	$25,444
10	Dechlorinator	1		$63,610	$63,610	1996	21	35	60.00%	$38,166	$25,444
11	Meter Facility	3		$6,361	$19,083	1996	21	35	60.00%	$11,450	$7,633
12	Aeration Basin Construction	1		$1,234,187	$1,234,187	1996	21	35	60.00%	$740,512	$493,675
13	Effluent Disposal System upgrades	1		$195,000	$195,000	1996	21	50	42.00%	$81,900	$113,100
14	**Total WWTP**				**$2,281,350**				**62.10%**	**$1,416,663**	**$864,688**

Notes:

1 The asset quantities and year in service were documented from available reports, drawings and other information provided. Effective year in service considers the renewal and replacement program of the assets.

2 Cost new to replace the assets per bid tabs and contractor / manufacuture quotes including material, labor, installation, site preparation, etc. and all assets built at the same time with economy of purchase.

3 Average service lives are based on recommended depreciation schedules.

Gerald C. Hartman, PE, BCEE, ASA
Hartman Consultants, LLC

Table 4-8

Carolina Water Service, Inc.
I-20 Wastewater System
Replacement Cost Approach

Wastewater System
Summary

No.	Description of Assets	Estimated Total Cost New	Depreciation %	Depreciation Cost	Total Cost New Less Depreciation
1	Wastewater Gravity	$9,088,872	46.80%	$4,256,292	$4,832,580
2	Wastewater Pump Stations	$3,371,330	69.43%	$2,340,848	$1,030,482
3	Wastewater Force mains	$2,355,460	45.44%	$1,107,792	$1,247,668
4	Wastewater Treatment Facility	$2,281,350	62.10%	$1,416,663	$864,688
5	**Subtotal Wastewater System**	**$17,097,012**	**53.35%**	**$9,121,595**	**$7,975,418**
6	Overhead Cost (18%)	$3,077,462		$1,641,887	$1,435,575
7	**Total Wastewater System**	**$20,174,474**	**53.35%**	**$10,763,482**	**$9,410,993**
	Rounded	**$20,200,000**		**$10,800,000**	**$9,400,000**

Gerald C. Hartman, PE, BCEE, ASA
Hartman Consultants, LLC

TABLE 4-9

CAROLINA WATER SERVICE, INC.
I-20 WASTEWATER SYSTEM APPRAISAL
SUMMARY OF INTANGIBLE PROPERTY VALUE RESULTS

	Method		Description			
1.	Percentage (Range 7.5% to 25%)		At 15% of $9.4 Million		= $ 1,410,000	
2.	Lost Profits	2018	- $ 859,000	PV	10/9/2017	$ 798,870
		2019	- $ 797,000	PV	10/9/2017	$ 681,515
		2020	- $ 734,000	PV	10/9/2017	$ 568,818
						$2,049,203
					Rounded	$2,050,000
3.	Cost Build-Up Method		Result $ 1,340,000			
	Average	$ 1,600,000				
	Opinion	$ 1,500,000				
	16% of TPP without land					

TABLE 4-10

CAROLINA WATER SERVICE, INC.
I-20 WASTEWATER SYSTEM APPRAISAL
REPLACEMENT COST NEW LESS DEPRECIATION

	Item		Amount
1.	RCNLD Gravity System	$	4,832,580
2.	RCNLD Pump Stations	$	1,030,482
3.	RCNLD Force Mains	$	1,247,668
4.	RCNLD Treatment & Disposal	$	864,688
5.	RCNLD Overheads	$	1,435,575
	Subtotal	$	9,410,993
6.	Deficiencies & Deferred Maintenance		(160,532)
7.	Functional Obsolescence		0
8.	External Obsolescence		0
9.	Fixtures, Equipment, Rolling Stock, Consumables and Inventory	$	110,000
10.	System Records	$	120,000
	Subtotal Tangible Personal Property	$	9,480,461
	Rounded	$	9,480,000
11.	Intangible Property (Includes Going Concern)	$	1,500,000
	Subtotal	**$**	**10,980,000**
12.	Land and Land Rights (Winthrop Real Estate Advisors – Appendix F)	$	2,310,000
	Total	**$**	**13,290,000**
	Rounded	**$**	**13,300,000**

Section 5

SECTION 5
INCOME APPROACH

5.1 GENERAL

The purpose of this section of the Report is to calculate the fair market value of CWS I-20 Regional wastewater system based on the income approach. In general, the income approach values the water system based on the present value of the available cash flows generated from the ongoing operations of the system. Historical financial and customer data is utilized together with certain proforma adjustments in order to develop either the current amount for direct capitalization or the projected operating results for the system and estimate future cash flows available to the current owner or market based prospective owner. Under this approach, the value of the utility system is assumed to be equal to the value of the future cash flows available to the current owner if such ownership is maintained throughout the projection period.

Rate levels are regulated or limited by the SCPSC. A non-for-profit market buyer is not regulated by the SCPS. The market for the I-20 wastewater system is to such a buyer with a self rate-regulatory capability. This approach is useful for reconciliation of a range in values into an opinion of value.

Utilities are monopolies and are generally very credit worthy. The direct capitalization method is used herein. The financial data was provided by CWS.

5.2 DIRECT CAPITALIZATION

The revenues for the 7/2015 through 6/2016 period were $1,614,404.

The direct operational expenses for the same period was $388,085.

The shared services expenses for I-20 was $151,085.

The allocated overhead services costs for I-20 were $105,782.

The net revenues without R&R, without taxes, margins, etc. was $969,452 in the latest financial year period ($1,614,404 – ($388,085 + $151,085 + $105,782 = $969,452).

The accumulated depreciation annual change was $55,929. ($1,046,867 - $990,938).

The CIAC amortization was $23,248. ($1,427,493 - $1,404,245). The net adjustments were $1,415.

The direct capitalization net revenue then is determined by $969,452 – ($55,929 + $23,248 + $1,415) = $888,860. For the year prior to the 2017 results.

The average service life is determined by the cost weighting of the assets. This resulted in a calculated amount of 61 years. The overall level of depreciation is approximately 50%. Therefore, the period is 30 years for analysis.

The direct capitalization rate for a wastewater utility includes the risk free rate (Treasury bill long term used), plus the industry risk factor (approximately 1.45%) plus the specific risk system (approximately 1%) plus an industry % factor. Another approach is to take the price to earnings rate and use the reciprocal as a capitalization rate.

The calculation is 3.06% (3/1/2017 T-Bill) + 1.45% + 1% + 0.64% water = 6.15%. Therefore, capitalization build-up method resulted in a 6.15% capitalization factor.

The reciprocal of the water industry average is another market check. The overall average is 19.9 P/E for 2/2017. A summary of P/E ratios confirm the 19.9 (Nasdaq, S&P Market). 100 divided by 19.9 = 5.025%. Then there is a M&A premium to remove for a part of a whole company from 10% to 30%. Use the average of 20%. The result becomes 5.025% / 0.8 = 6.28%.

The capitalization factor summary:

(1) Build-up Method = 6.15%
(2) 1/(P/E) Method = 6.28%

For the purposes of this report I will use 6.28%.

The not-for-profit result of net revenues for 2017 is $970,514. Using the 30 year period at 6.28% results in $13,096,765 or $13,100,000 rounded.

The total return on equity and non-equity rate base for CWS has been found to be approximately 7.78% (TCWS order 2013-79 SCPSC). Using that percentage for the $888,860/yr. (2016) over a 30 year period results in $10,217,933. Rounding results in $10,200,000 result.

5.3 PRO-FORMA WITH REVERSION

Another income approach method is to examine the past five (5) years and project the future five (5) years and add the calculated reversion value for the remaining useful life.

Table 5-1 presents the historical and projected operating results without rate indexing for inflation, with no growth and projecting a rate case in 2022. Based upon the general ledger information the capital from rates averages $160,000 per year. For the 5-yr period @ 5% for a 15-year loan without adjustments for interest earnings in the account, results in a payment of $114,148 per year.

Table 5-1
20 Waste-Water Income Statement - Direct Costs - 2012 through 2017 and Projected for 2018 through 2022 [1]

Revenue & Expenses	2012	2013	2014	2015	2016	2017		2018 F	2019 F	2020 F	2021 F	2022 F
Waste-Water Revenue	1,220,536	1,180,992	1,364,127	1,395,627	1,785,565	1,761,024	0.0%	1,761,024	1,761,024	1,761,024	1,761,024	1,761,024
Misc Revenue	8,965	11,732	12,234	13,036	16,916	16,695	0.0%	16,695	16,695	16,695	16,695	16,695
TOTAL REVENUE	**1,229,501**	**1,192,724**	**1,376,362**	**1,408,662**	**1,802,481**	**1,777,718**		**1,777,718**	**1,777,718**	**1,777,718**	**1,777,718**	**1,777,718**
Expenses												
Purchased Services	-	-	-	-	-	-	2.5%	-	-	-	-	-
Purchased Power	73,499	77,961	79,087	92,265	71,799	71,945	2.5%	73,743	75,587	77,477	79,414	81,399
Chemicals	36,502	132,786	115,474	85,358	72,987	58,925	2.5%	60,398	61,908	63,455	65,042	66,668
Meter Reading Assistance	-	-	-	-	-	25	2.5%	26	26	27	28	28
Bad Debt	262	157	856	96	1,360	673	2.5%	690	707	725	743	762
Billing & Customer Service Assistance	-	-	169	1,905	-	38	2.5%	39	40	41	42	43
Misc Expense	187	-	450	-	-	-	2.5%	-	-	-	-	-
Office Expense	361	34	161	172	90	492	2.5%	505	517	530	543	557
Office Utilities	38,060	45,756	40,005	40,119	38,429	49,592	2.5%	50,832	52,103	53,405	54,740	56,109
Outside Services	11,450	-	9,362	-	2,000	-	2.5%	-	-	-	-	-
Regulatory	-	-	-	779	2,329	2,329	2.5%	2,387	2,447	2,508	2,571	2,635
Salaries	160,490	127,872	100,781	80,065	76,061	71,740	2.5%	73,534	75,372	77,257	79,188	81,168
Cap Time	(62,627)	(24,612)	(14,688)	(15,451)	(10,322)	(2,782)	2.5%	(2,851)	(2,923)	(2,996)	(3,071)	(3,147)
Travel Non-Combined	47	-	-	-	-	-	2.5%	-	-	-	-	-
Fleet Transportation Non-Combined	-	90	-	-	-	-	2.5%	-	-	-	-	-
Maintenance Testing	3,126	9,127	9,286	6,895	8,468	8,998	2.5%	9,223	9,453	9,690	9,932	10,180
Maintenance	49,202	48,044	53,332	57,991	86,844	86,987	2.5%	89,162	91,391	93,676	96,017	98,418
Sewer Rodding	40,033	93,559	34,382	28,645	42,590	37,776	2.5%	38,720	39,688	40,680	41,697	42,740
Sludge Hauling	1,975	14,537	-	-	1,070	-	2.5%	-	-	-	-	-
TOTAL O&M	**352,568**	**525,312**	**428,658**	**378,840**	**393,706**	**386,738**		**396,406**	**406,317**	**416,475**	**426,886**	**437,559**
TOTI SHARED	**132,861**	**144,553**	**148,411**	**163,267**	**175,635**	**184,302**	6.8%	**196,770**	**210,080**	**224,291**	**239,463**	**255,662**
EBITDA	**744,072**	**522,860**	**799,293**	**866,556**	**1,233,140**	**1,206,678**		**1,184,542**	**1,161,322**	**1,136,953**	**1,111,369**	**1,084,498**
Depreciation & Amortization	**58,831**	**65,941**	**65,493**	**67,535**	**70,607**	**72,373**	4.2%	**75,435**	**78,626**	**81,952**	**85,419**	**89,032**
Net Income [1]	**685,241**	**456,920**	**733,800**	**799,021**	**1,162,533**	**1,134,305**		**1,109,108**	**1,082,696**	**1,055,001**	**1,025,950**	**995,466**
Allocated Overhead	---	---	---	---	---	**163,791**		**167,888**	**172,083**	**176,385**	**180,795**	**185,314**
Net Income [2]	---	---	---	---	---	**970,514**		**941,220**	**910,613**	**878,616**	**845,155**	**810,152**
Capital From Rates [2]	---	---	---	---	---	---		**114,148**	**114,148**	**114,148**	**114,148**	**114,148**
Final Net Income	---	---	---	---	---	---		**827,072**	**796,465**	**764,468**	**731,007**	**696,004**

[1] Assumes no rate indexing, no growth, etc. Rate case expected 2022.

[2] $800,000 over 5 yrs @ 5% with 15 yr loan.

For a for-profit buyer using the net income for bonded principal and interest the year, the year end 2017 at a 5.2% effective interest rate results in the following using a mid-year convention:

Present Value First 5 Years	$	3,305,923
Present Value of Reversion	$	6,987,150
Total	$	10,293,073
Rounded	$	10,300,000

For a not-for-profit buyer using the net income for bonded principal and interest the year end 2017 at a 4% effective interest rate results in the following using a mid-year convention:

Present Value First 5 Years	$	3,428,430
Present Value of Reversion	$	8,645,383
Total	$	12,073,813
Rounded	$	12,100,000

In my opinion, the market for this specific system with all of its characteristics in South Carolina is a sale to a not-for-profit entity as found in the Heater of Seabrook to the Town of Seabrook and Tega Cay Utilities, Inc. to the Town of Tega Cay.

The for profit sales are from distressed owners to the larger investor owned utilities at orderly liquidation amounts.

Note that a 1.2% difference in the present value interest rate resulted in a $1.8 million dollar difference in the results.

Projecting results into the future has a level of uncertainty. Questions such as future capital needs and operational costs and future levels of rate increases for such actions with some form of regulatory lag lowers the present value to some undetermined extent.

5.4 INCOME APPROACH OPINION

It is most likely that a not-for-profit sale would occur for the I-20 system either by the Town of Lexington (as in this case), the County, the regional agency, or a IRS 63-20 special purpose corporation.

The four (4) results were:

NFP Direct Capitalization	$	13,100,000
For-Profit Direct Capitalization	$	10,200,000
NFP Proforma Present Value	$	12,100,000
For-Profit Proforma Present Value	$	10,300,000

My opinion for the income approach is $12,000,000.

This simple average is $11,400,000.

Section 9

SECTION 6
COMPARABLE SALES APPROACH

6.1 INTRODUCTION

The purpose of the market approach is to examine the market factors and conditions as well as the wastewater utility acquisitions and analyze the conditions under which the systems were acquired, in an effort to arrive at an implied purchase price for the sewer facilities in CWS I-20 service area. The selected transactions of utility systems are compared using quantitative values of customers. Our research and experience was used in order to gather relevant information regarding similar acquisitions with only one found in South Carolina. The potential list of utility sales is narrowed down to those that are considered more comparable to the subject system. The market factors and conditions focused upon include the P/E ratios and the price to book ratios, as additional verification activities.

6.2 FACTORS INFLUENCING UTILITY ACQUISITIONS

There are many factors involved in the agreement of an acquisition price for a utility system. These factors create both similarities and differences between the transactions resulting in the formation of a well-mixed market of utility sales. The following is a discussion of several important factors that impact the acquisition price of water and wastewater utilities. These factors cannot be fully evaluated for all systems considered. Each system is specific to the area served and the specific configuration of each system. Each utility is unique as a special purpose property.

6.2.1 System Assets

Wastewater utilities vary considerably in their sizes, treatment capacities, physical condition (which is sometimes an indicator of age or level of maintenance provided), as well as the number and types of customers. All of the above are components that form the utility's assets to be transferred. It is common that knowledgeable buyers of utility systems look closely into these components prior to agreeing upon a purchase price. The following areas regarding system assets are often considered in an evaluation:

a. Type of service provided (wastewater only, or both water and wastewater components).

b. Extent and physical characteristics of the systems and the aggregate effective age of the system.

c. Wastewater treatment capacities.

d. Actual customers connected to the utility systems and their characteristics (size).
e. Process and level of treatment necessary.
f. Type of sale (context of transaction).
g. Date of sale.
h. Location of the system.
i. Condition of wastewater facilities in operation.

6.2.2 Regulatory Compliance

The extent and/or magnitude of litigation and the risk of loss associated with as well as fines or ordered corrective actions effect system pricing.

6.2.3 Competitive Market or Monopoly

The exclusivity of the service territories can be a major factor influencing an acquisition and the pricing of a utility. If a utility is granted either franchise rights or territorial certificates that protect its service territories and make the utility a sole provider of water and wastewater services within such territories, the value may be substantially enhanced. However, if other private or public utilities can provide similar services in the same territories, the opposite effect may occur.

6.2.4 Method of Acquisition

The majority of the wastewater utility transactions occur through negotiations between interested buyers and motivated sellers. However, ownership of a utility system by a governmental entity can occur through a threat of condemnation or condemnation process. The context of the transaction is an important consideration.

6.2.5 Context of Transaction

It is important to consider the variance to the "industry standard" terms and conditions of the purchase and sale agreement. If special terms would create value then adjustments are made. The context of this matter is an acquisition under the threat of condemnation.

6.3 MARKET SUMMARY

The overall market for wastewater utility sales includes a variety of circumstances and transactions. In order to reduce some of the inherent variability in utility transfers, it is helpful to establish a common indicator of value. In estimating the value of a system utilizing the comparable sales approach, one of the most widely used common indicators of value is the cost per customer.

Significant variability is typically observed at lower numbers of customers. Some small systems are abandoned and conversely, some small systems are more valuable than the customer base due to other factors. As the number of customers increases, the variability tends to decrease. Typically, larger systems are viable operations and are not abandoned. Likewise, if the system serves a large area, then other factors such as the integration benefits resulting from economies of scale are not as significant as the utility's large customer base.

Additionally, larger utility systems tend to have similar staffing and levels of service requirements, normally provide fire protection, and are not typically reliant on temporary package plant facilities for treatment. The I-20 system is an integrated privately owned regional and statewide CWS South Carolina division. Management and operations staff are usually employees of the utility and are not part-time contract operators. The owners and purchasers are typically knowledgeable regarding the systems and can afford expert utility advisors to assist in the transaction due to the magnitude of funds involved. CWS is owned by Utilities, Inc. which is owned by Corix. Corix is a world-wide utility provider. All of the privately owned regional economies of scale and resources and other benefits are available to this system.

6.4 SELECTED COMPARABLE SALES

As indicate earlier, there are several factors that must be considered in the selection and evaluation of the comparable set of system transactions. The following discussion presents

the criteria utilized in the comparable sales selection process, as well as a brief description and background of each selection.

6.4.1 Criteria

The selection of potential transactions to be utilized in the comparison analysis presented herein involved a review of over 1,000 utility transactions. The selection process was based upon the following criteria:

a. Sales occurring with large utility owners;

b. Wastewater customers served at the time of closing of between 750 and 6,000; and,

c. Sales occurring between the years 2010 and 2017.

6.4.2 Selected Comparable Sales

Based upon the criteria described above, eleven (11) utility transactions are selected for the comparable sales analysis. The selected utility sales are believed to represent arm's length transactions and are believed to be representative of fair market value. Note that 10 of the 11 sales are not within South Carolina. **Table 6-1** provides the list of selected comparable utility transactions including the applicable seller and purchaser for each transaction, the year of the transaction and the escalated purchase price. The ENR CCI was used as shown on **Table 6-2** to escalate the values for the time adjustment.

Table 6-3 presents the value per customer for each sale.

Table 6-1
Selected Wastewater Transactions
(Escalated to Effective Date)

State	ID No.	Seller	Purchaser	Date	($ X 1,000) Water P.P.	Wastewater P.P.
NY	1	Heritage Hills	Corix	2014	$ 4,500	$ 10,000
IL	2	Peotone	AQUA	2017	$ 6,000	$ 6,300
FL	3	Pluris	Hillsborough Co.	2014	$ 3,200	$ 5,980
NC	4	Car/Woodberry CWS	Charlotte United Utility	2012	$ 13,000	$ 15,300
IL	5	Fisher	American	2013	$ 49,100	$ 44,600
MD	6	Marboro Meadows	WSSC	2012	$ 7,800	$ 8,200
NJ	7	Haddonfield	American	2015	$ 14,400	$ 14,400
IL	8	Village of Glenview	AQUA	2015	$ 14,792	$ 7,868
IL	9	Manteno	AQUA	2017	---	$ 25,000
SC	10	CWS	Tega Cay	2014	$ 1,600 (1)	$ 4,200 (1)
FL	11	Lindrick S.C	Pasco Co.	2010	$ 7,930	$ 11,900

(1) Escalated to 11/2017 in Table 6-3.

Table 6-2		
Escalation Indices		
	Engineering News Record Construction Cost Index (1)	
Year	ENR CCI	
	Index	% Chg.
	3,535	
1982	3,825	8.20%
1983	4,066	6.30%
1984	4,146	1.97%
1985	4,195	1.18%
1986	4.295	2.38%
1987	4,406	2.58%
1988	4,519	2.56%
1989	4,615	2.12%
1990	4,732	2.54%
1991	4,835	2.18%
1992	4,985	3.10%
1993	5,210	4.51%
1994	5,408	3.80%
1995	5,471	1.16%
1996	5,620	2.72%
1997	5,826	3.67%
1998	5,920	1.61%
1999	6,059	2.35%
2000	6,221	2.67%
2001	6,343	1.96%
2002	6,538	3.07%
2003	6,694	2.39%
2004	7,115	6.29%
2005	7,446	4.65%
2006	7,751	4.10%
2007	7,966	2.77%
2008	8,310	4.32%
2009	8,570	3.13%
2010	8,802	2.71%
2011	9,066	2.99%
2012	9,313	2.73%
2013	9,546	2.50%
2014	9,699	1.61%
2015	10,039	3.51%
2016	10,498	4.57%
2017	10,702	---
(1) ENRCCI is used.		

Table 6-3
Calculated Price Per Customer
Wastewater Systems

ID No.	Purchase Price (Allocated/Rounded)	Wastewater Customers	Price Per Customer
1	$ 10,000,000	2,080	$ 4,808
2	$ 6,300,000	1,483	$ 4,248
3	$ 5,980,000	1,360	$ 4,397
4	$ 15,300,000	3,359	$ 4,555
5	$ 3,100,000	888	$ 3,491
6	$ 8,200,000	2,390	$ 3,431
7	$ 14,400,000	4,500	$ 3,200
8	$ 7,868,000	2,500	$ 3,147
9	$ 25,000,000	4,300	$ 5,814
10	$ 4,710,000	1,500	$ 3,140
11	$ 11,900,000	2,933	$ 4,057

6.5 SUMMARY OF THE CUSTOMER METRIC ANALYSIS

The Summary of the customer Metric Analysis is shown on **Table 6-4**. The result is $8,937,720 or $8,940,000 rounded.

Table 6-4
Summary of Customer Analysis

The summary of the Customer Metric Analysis resulted in a(n):

1. Average Value Per Customer of $4,026
2. Range in Value Per Customer from $3,140 to $5,814
3. I-20 has 2,220 customer connection
4. Using an average system, the metric results in:
   2,220 X $4,026 = $ 8,940,000 (rounded to three significant figures)

6.6 PRICE TO BOOK RATIO

Price to Book and Price to Rate Base are reported as very similar values. Mr. Aswath Damodaran as of January, 2017 found for 22 water companies the metric at 2.70. Investopedia found 2.65 as reported by Steven Nickolas. American's price to book as of 3/1/2017 was 2.652 as reported by YCHARTS. Others shown are:

AQUA at 2.982
California Water Service at 2.509
American at 2.652
American States Water Company at 3.154

AQUA and American States are at the high end of the range. Cal. Water is at 2.509 and American is at 2.652 closer to the industry average. For the purposes of this report as a market verification check I am using 2.6 as the factor.

The CWS rate base is $4,126,000 as of 10/2017. The 2.6 factor applied to the rate base in an amount of $10,700,000 rounded.

6.7 PRICE TO EARNINGS

The price to earnings verification is summarized on **Table 6-5.** The result is $11,800,000.

Table 6-5
Price to Earnings Verification Analysis

From Section 5, the wastewater average P/E ratio as of 2017 was 19.9. Using the fractional part, (a partial effect of serving the wastewater system from the water system and from the state-wide system) and not whole discount of 80% results in a factor of 15.9. The net revenues were $888,860 for 2016. This analysis reflects a result of $14,100,000.

6.8 PRICE TO CAPACITY

The price to capacity of central wastewater systems with approximately 1,500 to 3,000 customers with treatment plants equal to or greater than of 0.5 MGD range from $10 to $16 per gallon of design capacity. Note, design capacity is usually greater than or equal to permitted capacity. For this verification, I have chosen the midpoint at $13 per gallon. The CWS system has a design capacity equal to or greater than 0.8 MGD Maximum 3 month daily average. Applying $0.8 \times 10^6 \times 13 = \$10,400,000$.

6.9 SUMMARY OF FINDINGS AND VERIFICATION ACTIVITIES

Table 6-6 presents the customer analysis and the market verifications for the valuation analysis. Based upon the work performed herein I find an average of the market approaches to value to be $11,000,000.

Since I-20 is a special purpose property, it is unique. The market approach provides a verification step to the work.

Table 6-6
Summary of Findings and
Verification Activities

Description	Findings
Customer Analysis	$ 8,940,000
Price to Book	$ 10,700,000
Price to Earnings	$ 14,100,000
Price of Capacity	$ 10,400,000
Range of Findings	$ 8,940,000 to $ 14,100,000
Simple Average	$ 11,000,000

Section 7

SECTION 7
RECONCILIATION AND OPINION OF VALUE

7.1 METHODS DISCUSSION

The cost approach directly values the property being purchased. It is reproducible and includes the tangible real and personal property as well as intangible property. In my experience, this approach has been relied upon in the acquisition of investor owned utilities (IOU) by governmental and non-for-profit (NFP) entities. The market for this appraisal is the IOU to NFP market. It is my opinion that the cost approach is the most reliable method and the most direct method and reflects the fair market value.

It is my opinion that the cost approach should be weighted at an approximate 2/3rds level or 66.7%.

The income approach is one of the traditional approaches to value. The income approach does provide a viewpoint to the appraiser of a reasonable amount which could be supported by the system revenues. I have reduced the assumptions necessary by using an asset ASL period limited direct capitalization without reversion. I also used a short period of 5 years in the proforma analysis with reversion to minimize the forecasting of future results.

It is my opinion that the income approach should be weighted at an approximate 1/3rd or 33.3% level.

The comparable sales approach is difficult for a special purpose property which is designed specifically for the configuration and application found only with the subject system. Nonetheless, there are sales of wastewater utility systems. Those considerations stated in Section 6 of this report help to make comparisons to the subject more meaningful. Like the income approach, the comparable sales approach or market approach is a traditional approach to value. In addition to the price per customer metric, I performed three (3) other verifications to attain a sensitivity to the standard customer value metric.

It is my opinion the market approach is a good verification step, yet I have not relied upon the results in my reconciliation.

7.2 RESULTS

The results from the analyses conducted for this report are as follows:

Approach	Result	As Weighted
Cost	$ 13,300,000	$ 8,910,000
Income	$ 12,000,000	$ 4,000,000
Market	$ 11,000,000	$ 0
	Result of Analysis	**$ 12,910,000**
	Rounded	**$ 12,900,000**

7.3 CONCLUSION

The reconciled opinion of value for the I-20 Wastewater System is $12,900,000 or Twelve Million Nine Hundred Thousand Dollars.

Appendices

APPENDICES

Appendix A – Appraiser Certification

Appendix B – P.E. License, BCEE and ASA

Appendix C – Gerald C. Hartman Resume

Appendix D – DHEC Status of Permit Renewal

Appendix E – Assumed Standard Terms and Conditions

Appendix F – Winthrop Real Estate Advisors Report

Appendix A

APPRAISAL CERTIFICATION

I certify that, to the best of my knowledge and belief, the statements of fact contained in this Report are true and correct. I further certify that the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property which is the subject of this Report, and I have no personal interest or bias with respect to the parties involved. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions, and conclusions were developed, and this Report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

The use of this Report is subject to the requirements of the American Society of Appraisers and the State of South Carolina relating to review by its duly authorized representatives. As of the date of this Report, Mr. Gerald C. Hartman, P.E., BCEE, ASA has completed the requirements of the continuing education program and testing of the American Society of Appraisers for public utility Accredited Senior Appraisers and the State of South Carolina Board of Professional Regulation as applicable to engineers.

For this Report, I have made a personal inspections of the property that is the subject of this Report. Moreover, I have relied upon documentation provided by the Client, and public sources as well. I have relied upon the findings of Deborah Haskell, CRE, FRICS, MAI of the firm of Winthrop Real Estate Advisors for the opinion of value for the real property.

All of the above was relied upon for this Report. Except as noted herein, no other person provided significant professional assistance to the person signing this Report.

I have performed previous assignments within the past three (3) years concerning the I-20 Wastewater System. I have performed three (3) assignments for Utilities, Inc. in that past three (3) years. I have not performed any assignments for the purchaser in the past three (3) years. I have performed three (3) other assignments for sellers where Utilities, Inc. wished to purchase the utility in the past three (3) years. There have been no sales of the Subject I-20 Wastewater System in the past three (3) years.

I do not authorize the out-of-context quoting from or partial reprinting of this Appraisal Report. Further, neither all nor part of this Report shall be disseminated to a third party without prior written consent of the Client and Hartman Consultants, LLC. Note that this Report was prepared for a specific use and no other use is authorized.

7/14/2018

Gerald C. Hartman, P.E., BCEE, ASA
South Carolina P.E. #15389
BCEE No. 88-10034
ASA No. 7542

Date

Appendix B

BLC 1280673

South Carolina Board of Engineers & Surveyors
Certifies that

GERALD C HARTMAN

Is Authorized To Practice

ENGINEERING

REG # 15389 Expires 06/30/2018

Registrant's Signature:

The American Academy of Environmental Engineers and Scientists®

Certifies That

Gerald C. Hartman

Has maintained the requirements for

Board Certified Environmental Engineer

in the specialty(ies) of

Water Supply and Wastewater

This certification is valid through **December 31, 2018.**

Certification Number: **88-10034**

American Society of Appraisers

Providing Value Worldwide

The American Society of Appraisers

Attests that

GERALD C. HARTMAN, ASA

has successfully participated in the

Society's mandatory Reaccreditation Program

and has complied with its continuing education requirements, as set forth in the organization's Constitution, Bylaws and Administrative Rules. Therefore, formal reaccreditation has been granted by the International Board of Governors and will remain valid through

August 15, 2021

International President

Chairman, Int'l Board of Examiners

Appendix C

Gerald C. Hartman, PE, BCEE, ASA

Education

M.S. Duke University, 1976

B.S. Duke University, 1975

Registrations/Certifications

Arizona No. 28939

Colorado No. 31200

Florida No. 27703

Georgia No. 17597

Illinois No. 062-053100

Indiana No. 10100292

Kentucky No. 22463

Louisiana No. 30816

Maine No. 10395

Maryland No. 12410

Mississippi No. 12717

Nevada No. 20259

New Mexico No. 15990

New York No. 088623-1

North Carolina EIT No. A03351

North Carolina No. 15264

Ohio No. 70152

Pennsylvania No. 38216

South Carolina 15389

Tennessee No. 105550

Virginia No. 131184

W. Virginia No. 21803

Washington No. 53433

Wisconsin 32971-6

NCEES National P.E. No. 20481

American Society of Appraisers Accredited Senior Appraiser No. 7542

BCEE from American Academy Certificate No. 88-10034

Professional Summary

Management Consulting/Appraisal/Expert Testimony

Mr. Hartman is an experienced utility engineer and appraiser specializing in utilities and systems. He is a qualified expert witness in the area of utility system valuation and financing, facility siting, certification/service area/franchises and formation/creation, management and acquisition projects. Mr. Hartman is accepted in various Federal Courts, Circuit Courts, Division of Administrative Hearings, Public Service Commissions, arbitration, and quasi-judicial hearings conducted by cities and counties, as a technical expert witness in the areas of utility systems (water, wastewater, stormwater, solid waste, gas and electric), certification/service area/franchises, facility planning, utility conveyance, transmission and distribution, utility resources, utility treatment, engineering, permitting and regulations, utility system design and construction, and utility systems valuation (water , wastewater, stormwater, solid waste, gas, and electric systems), costing and damages.

Professional Experience

Machinery and Technical Specialties, ASA – Public Utilities

Public Utilities Appraisal Specialty Certified, ASA

Tangible Personal Property – VAB, Magistrate
Orange County, FL (2009 and 2010)

Tangible Personal Property – Special Magistrate Osceola County, FL (2011, 2012, and 2013/2014) Hendry County, FL (2012 and 2013/2014)

Financial Reports

Mr. Hartman has been involved in over 300 capital charge, impact fee and installation charge studies involving water, wastewater and fire service for various entities. He also has participated in over 150 user rate adjustment reports. Mr. Hartman assisted in the development of over 70 revenue bond issues, 20 short-term bank loan systems, 10 general obligation bonds, numerous grant/loan programs, numerous capacity sale programs, and 20 privatization programs. Mr. Hartman has been involved in over $3 billion in utility bond and commercial loan financings for water and wastewater utility, and over $4 billion in utility grants, matching funding, cost-sharing; SRF loans and Federal Loans (R.D., etc.), assessments and CIAC programs.

Utility Appraisals, Valuations and Evaluations

Mr. Hartman has been involved in over 600 utility negotiations, appraisals, fairness opinions and review appraisals, and has been a qualified expert witness by the courts with regard to utility arbitrations and condemnation cases. He has participated in the valuation of numerous utility systems. His experience includes:

Skills

Management Consulting
Utility System Valuation
Expert Witness Services
Rates, Fees, and Charges
Funding and Financing
Utility Certifications, Franchises, Service Areas
Economic Evaluations
Creditworthiness Analysis
Fairness Opinions
Water/Wastewater Systems Appraisals
Electric System Appraisals

Relevant Training/Courses

Numerous AWRA, AWWA, ASCE, WEF, AASE, ASA, NSPE, PE Seminars, Courses, Ethics, Continuing Education (multiple states)
USPAP Exams 2003, 2005, 2010/10, 2015, 2017
ASA ME201, ME202, ME203, ME204 Mach. & Technical Specialties, BV201 Public Utilities, PP201.
ASA Public Utilities Specialty Designation Exam Parts I, II, and III Numerous Technical Appraisal Courses/Exams in personal property (tangible & intangible), business valuation, and other areas
Appraisal Review & Management ARM 201 and 204
Average Service Life and Effective Age Depreciation
Terminal Value Taxation/IRS Valuation

Year	Project	Party Represented
2017	Grand Tower Energy Center 1/1/2016	County
2017	Turner Shoals Hydroelectric G.S.	Buyer
2017	Tymber Creek Utilities W&WW	Seller
2017	Village of Thomasboro	Buyer
2017	I-20 Condemnation	Seller
2017	IL Alton WW	Buyer
2017	IL Manteno WW	Buyer
2017	City of Farmington (W)	Buyer
2017	IL Jerseyville W&WW	Buyer
2017	Skyline (W&WW)	Seller
2017	CA Confidential (W) (Ongoing)	Seller
2017	Village of Peotone W&WW Systems	Village/Buyer
2017	Village of Tolono W&WW Systems	Owner
2017	OTUC IRS Donation (Transfer)	Owner
2017	Four (4) Illinois Villages/Cities (Consideration/Negotiations)	Buyers/Sellers
2017	Sundale Utilities, IL	Buyer
2017	SC Confidential	Owner
2017	Ojai, CA	Owner
2017	ARM Electric (Confid.)	Owner
2017	FHMPWS Cottage Hills, IL	Buyer
2017	Village of Fisher (W&WW	Village
2016	York County (Transmission), SC	County
2016	Condemnation Electric (Ongoing)	Owner
2016	Sandy Springs (Ongoing)	City
2016	North and West Ormond Utility	Buyer/Seller
2016	Gold Coast Utility Authority (Ongoing)	Buyer/Seller
2016	Rainbow MWD, CA	District
2016	Lake Adger WR & IM, NC	County
2016	7 Systems Jefferson County West Virginia	Authority
2016	Cauley Creek WRF (IRS)	Seller
2016	Village of Sadorus – IAWC (2)	Buyer/Seller
2016	Bushell/SECO Electric	City
2016	APPOA W/WW N.C (Ongoing)	Buyer
2016	Celina SA	Buyer
2016	OTUC W&WW Systems (Partial)	Owner
2015	City of Fairbanks 8 MGD/22 MGD WRF	Buyer
2015	Village of Ransom Water System	Buyer
2015	Vulcan/Fla Rock 1/1/2011	ACPA
2015	Crystal Clear Water Company	Buyer
2015	5-Service Areas Mustang SUD & 1 Water System	City Consultant
2015	Bayou Cove Peaking Power Plant 1/1/2015 TPP Appraisal	Parish
2015	Bayou Cove Peaking Power Plant 1/1/2014 TPP Appraisal	Parish
2015	Bayou Cove Peaking Power Plant 1/1/2013 ARM-TPP	Parish
2015	Peoples Condemnation	Owner
2015	Kessler AFB	Private
2015	Eglin AFB	Private
2015	Eastwood Manor	Private
2015	NUNDA Utilities	Private
2015	Manalapan/Hypoluxo	City
2015	Royal Manor W/WW	City
2015	BH Waste Management Co.	Bank
2015	O'Fallon Utilities, Value Consulting	Private
2015	Mt. Vernon Utilities, Value Consulting	Private
2015	Tupelo/Verona Water	Both Cities

Affiliations

American Society of Appraisers

American Society of Civil Engineers

American Water Works Association

Florida Engineering Society

National Society of Professional Engineers

Water and Environment Federation

Year	Project	Party Represented
2015	Confidential Condemnation	Confidential
2015	Rolling Oaks Utilities	Bank
2015	Village of Arthur	Village
2015	NFP	NFP
2015	MS Water System Annex	City
2015	Value Consulting	Confidential/Investor
2015	KWRU – Wastewater Utility	Owner
2015	New River Light & Power (Electric)	Owner
2014	Power System Value Consulting	Confidential
2014	Citrus County/Duke Energy 1/1/13 TPP	County
2014	Minto Prop./SID W&WW&RU	District
2014	North Maine Utilities Transaction Adv. F.O.	Village
2014	3 Appraisals Review	Glenview
2014	Eastlake W&WW (Condemn)	County
2014	Pebble Creek Utilities W&WW (Condemn)	County
2014	Mooresville Water (Condemn) ARM	Attorney
2014	Heritage Hills W&WW (NY) to Corix	Owner
2014	Cauley Creek WRF	Owner
2013	Tega Cay Water and Wastewater	Both
2013	Harrison, Ohio Water	City
2013	Water Management Services	Bank
2013	North Lee Rural Water Association, Tupelo, MS (Partial)	City
2013	NPUC (Cost/Comp) Wastewater	Bank
2013	Progress Energy Florida (Citrus County) TPP 1/1/12	County
2013	Village of Oakwood Water/Wastewater System	Village
2013	Richmond Generation Station (Review)	City
2013	Peru Generation Station (Review)	City
2013	Dover, Delaware Electric System	City
2013	C-51 Reservoir	Owner
2013	C-25 Reservoir	Owner
2013	Eglin Air Force Base	Proposer
2013	Duke Energy (Citrus County) TPP Electric #1, 2, 4, 5	County
2012	Beverly Hills Waste Management	Owner
2012	Town of Belleair	Town
2012	Orchid Springs Utilities	City
2012	Tymber Creek Utilities – Stock Transfer	Owner(s)
2012	Senoia Water System	County
2013	Duke Energy (Citrus County) TPP Electric #3	County
2012	Peoples of Balstrop – (Condemnation)	Owner
2011	Pine Island Utility System	Owner
2011	Town of Franklinton Water/Wastewater System/County	Both
2011	Kill Devil Hills Wastewater Treatment Plant	Bank
2011	Chesapeake Electric Utility – Marianna, Florida	City
2011	City of South Daytona Electric Utility	City
2011	On Top of the World Communities Water, Wastewater, and Reuse System – Marion County, Florida (Bay Laurel Center Community Development District)	District
2011	City of Vero Beach Water, Wastewater, and Reuse System	City
2011	City of Vero Beach Electric Utility	City
2010	Fearington Utilities	Owner
2010	Rolling Oaks Water and Wastewater System,	Owner/Bank
2010	Liberty Water – Tall Timbers Wastewater (Condemn)	Owner
2010	Heritage Hills Water and Sewer System, NY - City	Owner
2010	Waterside Villages of Currituck Waste Water	District

Year	Project	Party Represented
2010	Tindall Hammock Irrigation and Soil	District
2010	Town of Indian River Shores Water and Sewer System	Town
2010	City of Vero Beach Water and Sewer System Assets,	City
2010	City of Griffin Water System Assets, GA	Water Authority
2010	Golden Beach Water and Wastewater Assets	City
2010	Thunder Enterprises, Inc. Water System Assets, AL (Condemnation)	Owner
2010	River Forrest, S.C., Spartanburg	Both
2010	Stonecreek, S.C., Spartanburg	Both
2009	Aquarina Water and Wastewater	Bank
2009	Cocoa Beach (electric)	City
2009	GISTRO	NFP
2009	Fruitland Park (electric)	City
2008	Park Water Company	City
2008	Crooked Lake Sewerage Company	City
2008	Vanguard Wastewater System	City
2008	Traxler Enterprises	City
2008	Louisiana Land and Water Company	Owner
2008	Sandy Creek Water and Wastewater	County
2008	Bayside Water and Wastewater	County
2008	Fern Crest Utilities, Inc.	Buyer
2008	Turnpike Utilities, LLC – W/S North Carolina (IRS)	Owner
2008	Nags Head, Moneray Shores, Currituck Sewer, Corollo #1 & #2	Buyer
2008	Service Management Systems, Inc.	Bank
2008	Slash Creek Utility System	Owner
2008	Kill Devil Hills Utility Company	Owner
2008	Orchid Springs Utilities	City
2008	City of North Miami Beach – Utilities	Owner
2007	I-20 System South Carolina	Owner
2007	Ocean Reef/NKLUA/Card Sound I.Q.	FKAA
2007	Marion Utilities, Sunshine Utilities and Windstream	County
2007	Gulf Coast Electric Cooperative	County
2007	Pine Island Currituck Sewer	Owner
2007	Pine Island Water System	Owner
2007	Irish Acres	County
2007	Service Management Systems, Inc.	C.B. Ellis
2007	Bulow Village Resort	County
2007	Intercoastal Utilities	Owner
2006	Donaldsonville/Peoples Utilities (Condemn)	Owner
2006	MSM Utilities, Inc.	Owner
2006	BSU/Citrus Park	Owner
2006	Jasmine Lakes and Palm Terrace	City
2006	The Arbors	County
2006	Oak Centre	County
2006	Silver Oaks Estates	County
2006	Regal Woods	County
2006	Golden Glen	County
2006	Willow Oaks	County
2006	South Oak	County
2006	Gulf State Community Bank – Utility Holdings	Bank
2006	Rolling Green	County
2006	South 40, Citrus Park and Raven Hill	County
2006	Holiday Utility Company, Inc.	Bank
2006	Loch Harbor Water & Wastewater System	Owner

Year	Project	Party Represented
2005	Lake Wales Utility Company	Bank
2005	Pennichuck Water Company	City
2005	K.W. Resort Utilities, Inc.	Owner
2005	Water Management Services, Inc.	Owner
2005	Town and Country Utility Co.	Buyer
2005	Village of Royal Palm Beach, Palm Beach Co.	Village
2005	Orange/Osceola/Lake/Seminole Counties	Confidential
2005	Utilities, Inc. (Partial) (Condemnation)	Owner
2005	Village of Royal Palm Beach	Village
2005	Bald Head Island Utilities, Inc.	Village
2005	Broward County	Confidential
2005	Burkim Enterprises, Inc. (Condemnation)	Owner
2005	Lyman Utilities, Inc. Harrison County, MS (Condemnation)	Owner
2004	Quail Meadow Utility Company	County
2004	Silver Springs Shores Regional	County
2004	Matanzas Shores	County
2004	El Dorado Utilities, NM (Condemnation)	Owner
2004	CDF to City of Tupelo, MS	CDF
2004	Pesotum, Illinois – IAWC	Village
2004	Philo, Illinois – AIWC	Village
2004	Central Florida	Confidential
2004	Skyview	City
2004	Polk Utilities	NFP
2004	St. Johns Services Company	County
2004	Intercoastal Utilities Company	County
2004	Stonecrest Utilities	County
2004	Meredith Manor	County
2004	Lake Harriet Estates	County
2004	Lake Brantley	County
2004	Fern Park	County
2004	Druid Hills	County
2004	Dol Ray Manor	County
2004	Apple Valley	County
2004	Kingsway Utility Area (IRS)	Both
2004	Lake Suzy Utilities (water portion)	County
2004	Sanibel Bayous Wastewater Corporation	City
2004	Ocean City Utilities	FCURIA/County
2004	People's Water of Donaldsonville, LA (Condemnation)	Owner
2003	Harmony Homes	County
2003	Florida Central Commerce Park	County
2003	Chuluota	County
2003	District 3C (Miramar portion)	City
2003	Lincoln Utilities/Indiana Water Service (UI)	Owner
2003	Gibsonia Estates	City
2003	Lake Gibson Estates	City
2003	Jungle Den Utilities	Association
2003	Holiday Haven Utilities	Association
2003	Salt Springs	County
2003	Smyrna Villas	County
2003	South Forty	County
2003	Citrus Park	County
2003	Spruce Creek South	County
2003	Spruce Creek	County
2003	Spruce Creek Country Club Estates	County
2003	Longwood Franchise (electric)	City
2003	Casselberry Franchise (electric)	City
2003	Apopka Franchise (electric)	City
2003	Winter Park Acquisition (electric)	City

Year	Project	Party Represented
2003	Stonecrest/Steeplechase	County
2003	Marion Oaks	County
2003	Kingswood Utilities	County
2003	Oakwood Utilities	County
2003	Sunny Hills Utilities	Confidential
2003	Interlachen Lake/Park Manor	Confidential
2003	Tomoka/Twin Rivers	Confidential
2003	Beacon Hills	Buyer
2003	Woodmere	Buyer
2003	Lake Ajay Estates	City
2003	Pine Ridge Estates	City
2003	Tropical Park	City
2003	Windsong	City
2003	Buenaventura Lakes	City
2002	Lelani Heights Utilities	County
2002	Fisherman Haven Utilities	County
2002	Fox Run Utilities, Inc.	County
2002	Ponce Inlet	City
2002	Amelia Island Utilities	City
2002	Florida Public Utilities (Condemnation)	City
2002	AquaSource – LSU	County
2002	Park Place Utility Company, GA	Owner
2002	Kingsway Utility System	Owner/County
2002	Pennichuck Water Company, NH	City
2002	Pasco County – 2 Systems	County
2002	Marion Consolidation – 10 systems	County
2002	Sugarmill (Condemnation)	UCCNSB
2002	Deltona (Condemnation)	Owner
2002	Palm Coast	FCURIA
2002	Bald Head Island Utilities, NC	Village
2002	White's Creek – Lincolnshire, SC (Condemnation)	Owner
2002	Bluebird Utilities, Tupelo, MS	NFP
2001-2002	Due Diligence – 260 systems (VA, NC, SC)	Buyer
2001	Shady Oaks	County
2001	Davie/Sunrise	City
2001	Lindale Utilities	County
2001	Aquarina	Owner
2001	Intercoastal Utilities	County
2001	Beverly Beach	City
2001	Citrus County Utility Consolidation Plan (numerous)	County
2001	Pasco County Utility Acquisition Plan (numerous)	County
2001	Skylake Utilities	City
2001	Town of Lauderdale-By-The-Sea	Town
2001	John Knox Village	City
2001	Silver Springs Regional	County
2001	DeSoto Countywide FWSC Franchise and Assets	County
2001	Zellwood Station Co-Op	Co-Op
2001	Palm Cay	County
2000	The Great Outdoors	Owner
2000	Destin Water Users	City
2000	Pine Run	County
2000	Oak Run	County
2000	Dundee Wastewater (partial)	City
2000	Polk City Water	City
2000	A.P. Utilities (2 systems)	County
2000	CGD Utilities	Bank
2000	Boynton Beach (partial)	City
2000	Aqua-Lake Gibson Utilities	City

Year	Project	Party Represented
2000	Bartelt Enterprises, Ltd. (2 systems)	Owner
2000	49 'Ner Water System, Tucson, AZ (Condemnation)	Owner
2000	Stock Island Wastewater and Reuse System	Owner
1999	Osceola Power Station (Electric)	Owner
1999	Okeelanta Power Station (Electric)	Owner
1999	Del Webb (3 systems)	County
1999	Destin Water Users Co-Op	City
1999	O&S Water Company	City
1999	Rolling Springs Water Company	County
1999	ORCA Water & Solid Waste	Authority
1999	Marianna Shores Water and Wastewater	City
1999	Mount Olive Utilities	City
1999	AP Utilities (3 systems)	County
1999	Tangerine Water Association	City
1999	Laniger Enterprises Water & Wastewater	Bank
1999	IRI golf Water System, AZ (Condemnation)	Investor
1999	South Lake Utilities	City
1999	Garlits to Marion County	County
1999	Rampart Utilities	County
1999	Dobo System, Hanover County, NC	County
1999	Polk City/City of Lakeland	Lakeland
1999	St. Lucie West CDD	City
1998	Golf and Lake Estates	City
1998	Sanibel Bayous/E.P.C.	City
1998	Tega Cay Utility Company, SC	City
1998	Marlboro Meadows, MD (Condemnation)	Owner
1998	Sugarmill Water and Wastewater/Volusia County Condemnation	UCCNSB
1998	SunStates Utilities, Inc.	Owner
1998	Town of Hope Mills/FPWC, NC	Town
1998	River Hills, SC	County
1998	Town of Palm Beach	Town
1998	K.W. Utilities, Inc.	Buyer
1998	Orange Grove Utility Company, MS (Condemnation #2)	Owner
1998	Garden Grove Water Company	City
1998	Sanlando Utilities, Inc.	County
1997	Golden Ocala Water and Wastewater System	County
1997	Holiday Heights, Daetwyller Shores, Conway, Westmont	County
1997	University Shores	County
1997	Sunshine Utilities	County
1997	Bradfield Farms Utility, NC	Owner
1997	Palmetto Utility Corporation	Owner
1997	A.P. Utilities	County
1997	Village of Royal Palm Beach – City of WPB	Village
1997	Jasmine Lake Utilities Corporation	Lender
1997	Arizona (confidential)	Owner
1997	Village Water Ltd., FL	Owner
1997	N.C. System – CMUD (3 systems)	Owner
1997	Courtyards of Broward	City
1997	Miami Springs	City
1997	Widefield Homes Water Company, CO (IRS)	Company
1997	Peoples Water System	ECUA
1997	Quail Meadows, GA	County
1997	Rolling Green, GA	County
1996	Keystone Heights	City
1996	Buchannan	Owner
1996	Keystone Club Estates	City
1996	Lakeview Villas	City
1996	Geneva Lakes	City
1996	Postmaster Village	City
1996	Landen Sewer System, CMUD, NC	Company

Year	Project	Party Represented
1996	Citizens Utilities, AZ – Bullhead City	City
1996	Widefield Water and Sanitation, CO	District
1996	Consolidation Program Game Plan	County
1996	Marion Oaks	County
1996	Marco Shores	Company
1996	Marco Island	Company
1996	Cayuga Water System, GA	Authority
1996	Glendale Water System, GA	Authority
1996	Lehigh Acres Water and Wastewater, GA	Authority
1996	Lindrick Services Company	Company
1996	Carolina Blythe Utility, NC	City
1996	Ocean Reef R.O. WTPs	NKLUA
1995	Sanibel Bayous	City
1995	Rotunda West Utilities	Investor
1995	Palm Coast Utility Corporation	ITT
1995	Sunshine State Parkway	Company
1995	Orange Grove Utilities, Inc., Gulfport, MS	Company
1995	Georgia Utilities, Peachtree, GA (Condemnation)	City
1995	Beacon Hills Utilities	Company
1995	Woodmere Utilities	Company
1995	Springhill Utilities	Company
1995	Okeechobee Utility Authority	OUA
1995	Okeechobee Beach Water Association	OUA
1995	City of Okeechobee	OUA
1995	Mad Hatter Utilities, Inc.	Company
1994	Eastern Regional Water Treatment Plant	Owner
1994	GDU – Port St. Lucie Water and Wastewater (Franchise/Condemnation)	City
1994	St. Lucie County Utilities	City
1994	Marco Island/Marco Shores	Sun Bank
1994	Heater of Seabrook, SC (Condemnation)	Company
1994	Placid Lake Utilities, Inc.	Company
1994	Ocean Reef Club Solid Waste System	ORCA
1994	Ocean Reef Club Wastewater System	ORCA
1994	South Bay Utilities, Inc.	Company
1994	Kensington Park Utilities, Inc.	Company
1993	River Park Water System	SSU/Allete
1993	Taylor Woodrow, Sarasota Cnty (Condemnation)	Taylor Woodrow
1993	Atlantic Utilities, Sarasota Cnty (Condemnation)	Company
1993	Alafaya Utilities, Inc.	Bank
1993	Anden Group Wastewater System, PA	Company
1993	West Charlotte Utilities, Inc.	District
1993	Rolling Oaks (SW)	Owner
1993	Sanlando Utilities, Inc.	Investor
1993	Venice Gardens Utilities	Company
1992	Myakka Utilities, Inc.	City
1992	Kingsley Service Company	County
1992	RUD#1 (4 systems review)	Meadowoods/ Kensington Park
1992	Mid Clay Utilities, Inc.	County
1992	Clay Utilities, Inc.	County
1992	Fox Run Utility System	County
1992	Uddo Landfill (SW) (Condemnation)	Owner
1992	Martin Downs Utilities, Inc.	County
1992	Leilani Heights	County
1992	River Park Water and Sewer	SSU/Allete
1992	Central Florida Research Park	Bank of America
1992	Rolling Oaks Utility	Investor

Year	Project	Party Represented
1992	City of Palm Bay Utilities	PBUC
1992	North Port – GDU Water and Sewer (Franchise/Condemnation)	City
1992	Palm Bay – GDU Water and Sewer (Franchise/Condemnation)	City
1992	Sebastian – GDU Water and Sewer	City
1991	Sanibel – Sanibel Sewer System, Ltd.	City
1991	St. Augustine Shores, St. Johns County	SSU/Allete
1991	Remington Forest, St. Johns County	SSU/Allete
1991	Palm Valley, St. Johns County	SSU/Allete
1991	Federal Bankruptcy – Lehigh Acres	Topeka/Allete
1991	Meadowoods Utilities, Regional Utility District #1	Investor
1991	Kensington Park Utilities, Reg. Utility District #1	Investor
1991	Industrial Park, Orange City	City
1991	Country Village, Orange City	City
1991	John Know Village, Orange City	City
1991	Land O'Lakes, Orange City	City
1991	Sanibel – Sanibel Sewer System, Ltd.	City
1991	Hershel Heights, Hillsborough County	SSU/Allete
1990	Orange-Osceola Utilities, Osceola County	County
1990	Morningside East and West, Osceola County	County
1990	Magnolia Valley Services, Inc., New Port Richey	City
1990	West Lakeland Industrial, City of Lakeland	City
1990	Highlands County Landfill (Condemnation)	Owner
1990	Venice Gardens Utilities, Sarasota County	SSU/Allete
1990	South Hutchinson Services, St. Lucie County	SHS
1990	Indian River Utilities, Inc.	City
1990	Coraci Landfill (SW) (Condemnation)	Owner
1990	Terra Mar Utility Company	City
1989	Seminole Utility Company, Winter Springs	Topeka/Allete
1989	North Hutchinson Svcs., Inc., St. Lucie County	NHS
1989	Sugarmill Utility Company (Condemnation)	UCCNSB
1989	Ocean Reef Club, Inc., ORCA	Company
1989	Prima Vista Utility Company, City of Ocoee	PVUC
1989	Deltona Utilities, Volusia County	SSU
1989	Poinciana Utilities, Inc., Jack Parker Corporation	JPC
1989	Julington Creek	Investor
1989	Silver Springs Shores	Bank
1988	Twin County Utilities	Company
1988	Burnt Store Utilities	Company
1988	Deep Creek Utilities	Company
1988	North Beach Water Co., Indian River County	NBWC
1988	Bent Pine Utility Company, Indian River County	BPUC
1988	Country Club Village, SSU	CCV
1987	Sugarmill Utility Co., Florida Land Corporation	FLC
1987	N. Orlando Water & Sewer Co., Winter Springs	NOWSCO
1987	Osceola Services Company, FCS (nfp)	OSC
1987	Orange City Water Company, Orange City	City
1987	West Volusia Utility Company, Orange City	City
1987	Seacoast Utilities, Inc., Florida Land Corporation	FLC
1987	Utilities Commission, City of New Smyrna Beach (partial SA/Assets) (Electric) - FPL	Commission

and numerous other utility valuations in the 1976-1987 period.

Utility Management Consulting

Mr. Hartman has been involved in utility transfers from public, not-for-profit, district, investor-owned, and other entities to cities, counties, not-for-profit corporations, districts, and private investors. He has been involved in staffing, budget preparation, asset classification, form and standards preparation, utility policies and procedures manuals/training, customer development programs, standard customer agreements, capacity sales, and other programs. Mr. Hartman has been involved in over 100 interlocal agreements with respect to service area, capacity, service, emergency interconnects, back-up or other interconnects, rates, charges, service conditions, ownership, bonding and other matters.

Additionally, Mr. Hartman has assisted in the formation of newly certificated utilities, newly created utility departments for cities and counties, new regional water supply authorities, new district utilities, and other utility formations. Mr. Hartman has assisted in utility reserve areas for the Cities of Haines City, Sanibel, Lakeland, St. Cloud, Winter Haven, Bartow, Palm Bay, Orange City, and many others. He has participated in the certification of many utilities such as ECFS, Malabar Woods, B&C Water Resources, Inc., Farmton Water Resources, Inc. and many others; and certification disputes such as Windstream, Intercoastal Dulay Utilities, FWSC/ITT, and others and served as service area certification staff of the regulatory for St. Johns County; i.e., Intercoastal, etc.; as service area transfer/certification staff of the regulatory for Flagler County; i.e., Palm Coast to FWSC. He has served as a local County regulatory staff professional in Collier, Citrus, Hernando, Flagler and St. Johns Counties, as well as elsewhere. Mr. Hartman also provided technical assistance to many utility service area agreements such as Winter Haven/Lake Wales/Haines City, etc. and North Miami Beach – MDWASD and others. For over 30 years, Mr. Hartman has been a professional assisting in the resolution of utility issues.

Utility Finance, Rates, Fees and Charges

Mr. Hartman has been involved in hundreds of capital charge, impact fee, and installation charge studies involving water, wastewater, stormwater, solid waste, gas and electric service for various entities and at the rate regulatory commissions. He also has participated in hundreds of user rate adjustment reports. Since 1976, Mr. Hartman assisted in the development of over 50 revenue bond issues, 20 short-term bank loan systems, 2 general obligation bonds, 26 grant/loan programs, 10 capacity sale programs, and 20 privatization programs. He has been involved in over hundreds of utility acquisition/utility appraisals for acquisition, and is a qualified expert witness with regard to utility rates and charges, and utility negotiation, arbitration and condemnation cases. A few of his rate, charge and bond projects include:

- City of Polk City, 2014/2015
- Bay County Revenue Bond Issue Series 2015
- City of Fort Meade Wastewater Study, 2015
- City of Fellsmere Stormwater, 2015
- City of Pleasant Prairie – WPSC, 2014
- City of Tega Cay SCPSC, 2013/2014
- NPUC Cert. Expansion – FPSC, 2015

- Oakwood – ICC, 2014
- Village of Bald Head Island – NCPUC, 2010
- City of Polk City, 2014/2015
- City of Dunnellon Rate Surcharge Case, 2014
- City of Dunnellon Impact Fee Case, 2013
- City of Fernandina Beach, Impact Fee Case and Bond Issue City of Fernandina Beach, Revenue Bond Issue, 2013
- City of North Miami Beach Water and Wastewater Rate, Fee and Charge Study, 2013
- City of North Miami Beach $65 Million Water Revenue Bond Issue, 2012
- DeKalb County Revenue Bond Issue $373 Million Services, 2011
- Polk City Services 2010 - $10 Million Revenue Bond Issue
- Bay Laurel Services 2011 - $45 Million Revenue Bond Issue
- Bay County Water Rate, Charge and Fee Study, Wholesale and Retail, 2013
- Bay County Wastewater Rate, Charge and Fee Study, AWT and Retail, 2013
- Bucks County – City of Philadelphia Wholesale Utility Services Analysis, 2011
- Timber Creek FPSC Utility Rates and Charges, 2011 and 2012
- Polk City Water and Wastewater Rate, Fee and Charge Study, 2010
- Lake Worth Wholesale Charges Analysis for 7 entities, 2012
- THISCD Water and Wastewater Rate, Fee and Charge Study, 2012
- City of Ft. Meade Water and Wastewater Rate, Fee and Charge Study, 2013
- City of Ft. Meade Stormwater Rate Study, 2012
- City of Ft. Myers Beach Water/Wastewater Rate, Fee and Charge Study, 2013
- Dunnellon Rate and Surcharge Review, 2012/2013
- Bay Laurel Center Community Development District – Water, Wastewater and Reclaimed Water Rate Study, Line Charge Study, and Miscellaneous Charge Study, 2010
- Skyland Utilities, LLC – FPSC, 2009
- Bluefield Utilities, LLC – FPSC, 2009
- Grove Land Utilities, LLC – FPSC, 2009
- Tindall Hammock Irrigation and Soil Conservation District – Water and Wastewater Rate and Charge Study, 2008
- Bay County – Wholesale Rate Study and Impact Fee Study – 2007
- Flagler County – Impact Fee Analysis, 2005

- Flagler County – Base Facility Charge Analysis, 2005
- Marion County – Silver Springs Regional – Water/Wastewater Revenue Sufficiency, 2004
- Beverly Beach – Water and Wastewater System, 2004
- Village of Bald Head Island – Water and Wastewater Rate Sufficiency, 2004 - NCPUC
- Farmton Water Resources, Inc. – FPSC, 2004
- B&W Water Resources, Inc. – FPSC, 2004
- Marion County – Stonecrest, Marion Oaks, Spruce Creek, Salt Springs
- Lincoln Utilities/UI – IURC, 2003
- South Forty, Smyral Villas – Rate Integration/Phasing Program, 2003
- City of North Miami Beach – Water and Wastewater Adjustment, 2003
- City of Fernandina Beach – Water and Wastewater Rate Study, 2002
- St. Johns County – St. Johns Water Co. Rates, 2003
- St. Johns County – Intercoastal Rates, 2001
- Nashua, NH – Pennichuck Water Co., 2002
- City of Deltona – Water and Wastewater, 2002
- Town of Lauderdale By-The-Sea, 2001
- FCURA – Palm Coast Rates, Certification, 2000
- Marion County – Pine Run, Oak Run, A.P. Utilities – Rate Integration, 2000
- City of North Miami Beach – Revenue Sufficiency Analysis, 2000
- North Key Largo Utility Authority, 2000
- Port St. Lucie – St. Lucie West – CDD, 1999
- Hanover County – Water and Wastewater, 1999
- UCCNSB/Sugarmill, 1999
- Town of Hope Mills, 1998
- Town of Palm Beach, 1998
- City of Winter Haven, 1998
- Palmetto Resources, Inc. – Raw Water, Reuse, Water, and Wastewater, 1997 FPSC
- City of Miami Springs – Analysis, 1997
- Widefield – Water and Wastewater, 1997
- Bullhead City – Citizen, 1997 - ACC

- Bullhead City – Wastewater, 1996
- Marion County, 1996
- Utilities Commission, City of New Smyrna Beach – Water/Wastewater Rate Study, 1995
- Okeechobee Utility Authority - Rate and Charge Study, 1995
- Southern States - Statewide Rate Case, 1995
- Lee County - Rates and Charges, 1995
- Venice - Reuse Rate Study, 1994
- Utilities Commission, City of New Smyrna Beach - Capital Charge Study, 1996
- Port St. Lucie - Water, Gas and Wastewater Rates, 1994
- Port St. Lucie - Capital Charge Study, 1995
- Bullhead City - Assessment Study, 1996
- Englewood - Assessment Study, 1996
- Sanibel - Capacity Sale Study, 1995
- City of New Port Richey - Rate and Charge Study, 1995
- Acme Improv. District, Wellington, Florida - Water/Wastewater Studies, 1994
- Charlotte County, Florida - Water/Wastewater Studies; Rotunda West Rate Case, 1993
- Clay County, Florida - Water/Wastewater Studies, 1992
- City of Deerfield Beach, Florida - Water/Wastewater Studies, 1992
- City of Dunedin, Florida - Water/Wastewater Studies, 1991
- Englewood Water District, Florida - Water/Wastewater Studies, 1993
- City of Green Cove Springs, Florida - Water/Wastewater Studies, 1991
- Hernando County, Florida - Water/Wastewater Studies, 1992
- City of Lakeland, Florida - Water Studies, 1976-89
- Martin County, Florida - Water/Wastewater Studies, 1993
- City of Naples, Florida - Water/Wastewater and Solid Waste Studies, 1992/94
- City of New Port Richey, Florida - Water/Wastewater Studies, 1994
- City of North Port, Florida - Water/Wastewater Studies, 1992
- City of Orange City, Florida - Water/Wastewater Studies, 1985-94
- City of Palm Bay, Florida - Water/Wastewater Studies, 1985-94
- City of Panama City Beach, Florida - Water/Wastewater Studies, 1993

- City of Sanibel, Florida - Water and Reuse Studies, 1988-94
- Southern States Utilities Inc., Florida - Water/Wastewater Studies and Statewide Rate Cases, 1991/93, FPSC
- City of Tamarac, Florida - Water/Wastewater Studies, 1993
- Utilities Commission, City of New Smyrna Beach, Florida - Water/Wastewater and Reuse Studies, 1992/94
- Volusia County, Florida - Solid Waste Studies, 1989
- City of West Palm Beach, Florida - Water/Wastewater/Reuse Studies, 1993/94
- City of Sebastian, Florida - Water/Wastewater Studies, 1993
- City of Tarpon Springs, Florida - Water/Wastewater Studies, 1994
- City of Miami Springs, Florida - Water/Wastewater/Solid Waste Studies, 1994
- City of Edgewater, Florida - Water/Wastewater/Solid Waste Studies, 1987-90
- City of Venice, Florida - Reuse Studies, 1994
- City of Port St. Lucie - Water/Wastewater Studies, 1994
- Ocean Reef Club, Monroe County, Florida - Wastewater Studies, 1994
- Placid Lakes Utilities Inc., Florida - Water/Wastewater Studies, 1994
- Old Overtown-Liberty Park, Birmingham, Alabama - Wastewater Studies, 1994
- Bullhead City, Arizona - Wastewater Studies, 1994
- Lehigh Utilities Inc., Lee County, Florida - Florida Public Service Commission Rate Cases for Water, Wastewater and Reuse, 1993
- Marco Island and Marco Shores Utilities Inc., Collier County, Florida – 1993 - FPSC
- Florida Public Service Commission Rate Cases for Water, Wastewater and Reuse, 1993
- Venice Gardens Utilities Inc., Sarasota County, Florida - Rate Cases for Water, Wastewater and Reuse, 1989/91/93
- Mid-Clay and Clay Utilities Inc., Clay County, Florida - Water/Wastewater Studies, 1993

Several expert witness assignments including Palm Bay vs. Melbourne; Tequesta vs. Jupiter; Town of Palm Beach vs. City of West Palm Beach; City of Sunrise vs. Davie; Kissimmee vs. Complete Interiors; and others.

Economic Evaluations/Credit Worthiness Analyses

Credit Worthiness Analysis for Drinking Water State Revolving Fund (1999) – Florida Department of Environmental Regulation

Credit Rating Reviews (1980-2000) – for numerous investor-owned utilities; many city-owned utilities (Winter Haven, Port St. Lucie, Miramar, Tamarac, Palm Bay, North Port, etc.); many county-owned utilities; several not-for-profit utilities; and utility authorities (OUA, etc.)

Financial Feasibility and Engineer's Revenue Bond Reports (1980-2000) – for over $2 billion of water and/or wastewater bonds for some fifty (50) entities in the Southeast United States including Clay, Lee, Hernando, Martin, and other counties; Lakeland, West Palm Beach, Miramar, Tamarac, Panama City Beach, Winter Haven, Naples, North Port, Palm Bay, Port St. Lucie, New Port Richey, Clermont, Orange City, Deerfield Beach, Sanibel, City of Peachtree City, Widefield, and many other cities; Lee County Industrial Development Authority, Englewood Water District, and other utilities.

Privatization Procurement and Analysis for many water and wastewater systems including Sanibel, Town of Palm Beach, Temple Terrace, Palm Bay, Widefield, Bullhead City and sever others.

Service Areas and Negotiations

Mr. Hartman has participated in over thirty-five (35) service area formations, Chapter 25 F.S. certifications, Chapter 180.02 reserve areas, authority creations, and interlocal service area agreements including Lakeland, Haines City, Bartow, Winter Haven, Sanibel, St. Cloud, Palm Bay, SBWA, ECFS, MWUC, Edgewater, Orange City, UCCNSB, Port St. Lucie, Martin County, OUA, NKLUA, DDUA, and many others. Mr. Hartman has been a primary negotiator for interlocal service agreements regarding capacity, joint-use, bulk service, retail service, contract operations and many others for entities such as the Town of Palm Beach, Miramar, Lauderdale-By- The-Sea, North Miami Beach, Collier County, Marion County, St. Johns County, JEA and many others.

Expert Testimony

Mr. Hartman has been accepted in various Circuit Courts, Florida Division of Administrative Hearings, Florida Public Service Commission, arbitration, and quasi- judicial hearings conducted by cities and counties, as a technical expert witness in the areas of electric systems, solid waste systems, stormwater systems, gas systems, wastewater systems and/or biosolids facilities, water supply, facility planning, water resources, water treatment, water quality engineering, water system design and construction, wastewater collection, wastewater transmission, wastewater treatment, effluent/reclaimed water use, sludge processing and disposal, costing, damages, rates/charges, service and service areas, and utility systems valuation and utility systems valuation. Recently, Mr. Hartman has been an expert witness on utility condemnation, utility arbitration, water rates and use permitting DOAH case, utility rate setting DOAH case, service area and utility service civil case, City of Atlanta Water Treatment Plant Construction, City of Milwaukee Cryptosporidium, Jupiter vs. Tequesta Water Contract Services, Winter Park electric, Okeelanta/Osceola Power Plants, UCCNSB and many other condemnation cases. Mr. Hartman has been an expert witness in permitting and regulatory cases.

Mr. Hartman has given oral testimony on some 200 occasions over the past 38 years. He has assisted in the resolution of a similar number of matters without formal testimony.

Publications / Presentations

Papers/Presentations (Since 1994)

2016 "What Special Masters are Looking For"
By Gerald C. Hartman and Dr. L. Golicz, December 10, 2015
FC – IAAO – TPP Conference

2015 "Perspectives for Utility Sales – (City/Co./Auth./NFP/CDD)"
By Gerald C. Hartman, August 26, 2015
Philadelphia, PA - Business Seminar

2015 "Water Privatization and the Systems Viability Act Legislation"
Gerald C. Hartman, et al., 102nd
Illinois Municipal League Annual Conference
September 18, 2015

2014 Hartman, G.C. and Hollis, Tara L. "Financial Forces Impacting Small Utility Systems." 2014 Indiana Section AWWA Conference, February 2014.

2014 Hartman, G.C. and T.L. Hollis "Utility Optimization and Ownership Considerations", Indiana Section AWWA February 12-13, 2014.

2013 Hartman, G.C. "Stormwater Reuse/Water Harvesting", Fl. Water & Environment Association, January 24, 2013.

2012 Hartman G.C., T.L. Hollis "Optimization of Utility Performance", Florida-CFOA.

2008 Hartman, G.C., Hollis, Tara L. and Isaacs, Tony W. "Discussion of Outside City Utility Rate Surcharge." Special Meeting – Various Municipality Leaders in State of Florida (Hosted by the City of North Miami Beach and the City of North Miami). October 28, 2008.

2007 Hartman, G.C. and Wanielista, M. P. "Stormwater Reuse: The Utility Business Practice." 9th Biennial Conference on Stormwater Research & Watershed Management. May 2, 2007.

2005 Wanielista, Marty and G.C. Hartman, "Regional Stormwater Facilities", Stormwater Management for Highways Transportation Research Board TRB AFB60, July 12, 2005.

2004 Hartman, G.C., D. Cooper, N. Eckloff and R. Anderson, "Water," The Bond Buyer's Sixth Southeast Public Finance Conference, February 23, 2004.

2003 Hartman, G.C., "Utility Valuation," Wake Forest University Law School Seminar Series, February 6-8, 2003.

2003 Hartman, G.C., H.E. Schmidt, Jr. and M.S. Davis, "Biosolids Application in Rural DeSoto County, Florida," WEF/AWWA/CWEA Joint Residuals and Biosolids Management Conference, February 19-22,2003.

2003 Hartman, G.C. and Dr. M. Wanielista, "Irrigation Quality Water – Examples and Design Considerations," ASCE Conference, April 4, 2003.

2003 Hartman, G.C., M.A. Rynning and V. Hargray, "Assessing the Water Demands of Commercial Customer," WEF Volume 6, No. 4, July/August 2003 – Utility Executive.

2002 Hartman, G.C., M. Sloan, N.J. Gassman, and D.M. Lee, "Developing a Framework to Balance Needs for Consumptive Use and Natural Systems with Water Resources Availability," WEF Watershed 2002 Specialty Conference, February 23-27, 2002.

2000 Hartman, G.C., M.A. Rynning, and V. Hargray, "Assessment of Commercial Customer Water Impacts," AWWA 2000.

1999 Hartman, G.C. contributing author, Chapter 14B, Nichols on Eminent Domain, RCNLD Valuation of Public Utilities, March 1999 Edition, Release No. 48.

1998 Hartman, G.C., "In-House, Outsourcing and the Not-for-Profit Utilities Option," Florida Government Finance Officers Association (FGFOA) Conference, March 27, 1998.

1998 Hartman, G.C. and D.P. Dufresne, "Understanding Groundwater Mounds – A Key to Successful Design, Operation and Maintenance of Rapid Infiltration Basins," April 4-7, 1998, FWWA/WET/FPCOA Joint Meeting.

1998 Hartman, G.C. and Seth Lehman, "Financing Water Utilities – Acquisition and Privatization Projects," AWWA Annual Conference, June 24, 1998.

1997 Hartman, G.C., Seth Lehman, "Financing Utility Acquisitions," AWWA/WEF Joint Management Conference, February 1997.

1997 Hartman, G.C., B.V. Breedlove, "Water: Where It Comes From and Where It Goes," FRT & G/FDEP Conference, September 1997.

1997 Hartman, G.C., W.D. Wagner, T.A. Cloud, and R.C. Copeland, "Outsourcing Programs in Seminole County," AWWA/WEF/FPCOA Conference, November 1997.

1997 Hartman, G.C., M.B. Alvarez, J.R. Voorhees, and G.L. Basham, "Using Color as an Indicator to Comply with the Proposed D/DBP Rule," AWWA, Water Quality Technology Conference, November 1997.

1996 Hartman, G.C., M.A. Rynning, and R.A. Terrero, "5-Year Reserve Capacity – Can Customers Afford the Cost?" FSASCE Annual Meeting, 1996.

1996 Hartman, G.C., T.A. Cloud, and M.B. Alvarez, "Innovations in Water and Wastewater Technology," Florida Quality Cities, August 1996.

1995 Hartman, G.C. and R.C. Copeland, "Utility Acquisitions – Practices, Pitfalls and Management," AWWA Annual Conference, 1995.

1995 Hartman, G.C., "Safe Drinking Water Act," and "Stormwater Utilities," FLC Annual Meeting, 1995.

1994 Hartman, G.C. and R.J. Ori, "Water and Wastewater Utility Acquisition," AWWA National Management Specialty Conference, 1994.

Books

Hartman, G.C., *Utility Management and Finance*, (presently under contractual preparation with Lewis Publishing Company/CRC Press).

Vesilind, P.A., Hartman, G.C., Skene, E.T., *Sludge Management and Disposal for the Practicing Engineer*, Lewis Publishers, Inc.; Chelsea, Michigan; 1986, 1988, 1991

Appendix D

I-20 NPDES Permit Status Summary

Carolina Water Service, Inc. discharges from its I-20 System into the Lower Saluda River pursuant to an expired NPDES Permit for which CWS had timely sought reissuance and therefore remains in effect. On numerous occasions between 1999 and 2013, CWS attempted, without success, to connect its I-20 System to a regional line operated by the Town of Lexington (Town). The Town's regional line transports wastewater to the City of Cayce (Cayce) for treatment at the Cayce WWTP that discharges into the Congaree River. In 2013, the Congaree Riverkeeper, Inc. (CRK) served a 60 day notice on CWS under the Federal Clean Water Act threatening a citizen's suit in Federal court to penalize CWS for failing to connect to the Town's regional line. After the Town refused in 2014 to allow CWS to connect under a wholesale service agreement, and an unsuccessful attempt by CWS to get the Town to make an offer to purchase the I-20 System (and the CWS Watergate System which the Town demanded be sold as a condition of a purchase of the I-20 System), CRK brought its action in January 2015.

CWS had for several years attempted to have its I-20 NPDES permit renewed by DHEC without success. Following the Town's refusal to connect or offer to purchase the I-20 System and the initiation of the CRK citizen suit, on July 16, 2015, DHEC gave public notice of its intent to renew the permit, which would require that CWS upgrade the I-20 WWTP to meet stricter discharge limits. DHEC issued a fact sheet at the same time, which noted that it had no authority to require that Town allow a connection. On August 25, 2015, DHEC held a public hearing at which elected officials and citizens appeared in opposition to the renewal. At least five state legislators gave statements at this hearing in which DHEC was threatened with legislative action if it renewed the I-20 NPDES Permit. On September 4, 2015, DHEC issued a notice of intent to deny renewal of this permit and on August 1, 2016, issued a denial of reissuance of the I-20 NPDES Permit (Denial). Following an unsuccessful request to have the Board of Health and Environmental Control review the Denial, CWS instituted a contested case proceeding in the S.C. Administrative Law Court (ALC) challenging the Denial. That proceeding has effectively been stayed by the ALC pending the outcome of the Town's recently instituted condemnation action to take the I-20 System.

Appendix E

APPENDIX E
ASSUMED STANDARD TERMS AND CONDITIONS

The typical industry transaction is concluded with some negotiation and the standard terms and conditions provided below:

- Purchase Price, as Cash as Closing
- Bill of Sale
- Satisfaction of Liens, Encumbrances or Title Problems to Obtain Free and Clear Title
- Easement, Land Rights, or Utility Rights Transferred
- Disclosure and Adjustments for Prepaid or Discounted Unconnected Connections
- Disclosure and Representations of Regulatory Conduct and Compliance
- Transfer of Necessary Agreements
- Transfer of Customer Deposits
- Transfer of all Records, Drawings, Reports, Permits and Like Documents
- 100% Accounts Receivable Collected Forward to Seller
- Vendor Invoices, Materials, Supplies as Incurred by Closing Paid by Seller
- Inventory of Consumables at Closing
- Prorated Taxes and/or Franchise Fees
- Prior Inspection of all Closing Documents and Scheduling of Pre-Closing
- Consideration for Performance and Penalty or Resolution of Non-performance
- Verification of Proper Authorization to Bind a Party
- Insurance and Indemnification Issues
- Conduct After Agreement and Before Closing
- Seller Keeps Existing Funds, Restricted Funds and Satisfies Debt Obligations
- "As-is" Type of Transaction
- Operational Staff and Other Employee Consideration For Hire by Buyer
- Rolling Stock, Movable Equipment, Laboratory Equipment, Tools and Accessories or Appurtenances Included
- Closing Date, Time, Place and Procedures
- Disclosure and/or Dispensation of Litigation

- Assistance in Petitions of Transfer, No Objections, Contractual Extent and Type of Cooperation
- Payment of Representative Fees and Costs as Incurred by Each Party
- Payment of Documentary Stamps, Recording Costs by Buyer
- Payment of Title Search and Policy by Buyer
- Construction Work in Progress Payment to Seller of Actual Costs

Appendix F

WINTHROP
REAL ESTATE ADVISORS

VALUATION OF REAL PROPERTY

Carolina Water Service, Inc. Real Property Rights
I-20 Regional Sewer System
Lexington County, South Carolina
Case No. 2017CP3203693

Valuation Date

October 9, 2017

Prepared For

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
930 Richland Street
Post Office Box 8416
Columbia, South Carolina 29202

Prepared By

Deborah B. Haskell CRE, FRICS, MAI
Winthrop Real Estate Advisors
P.O. Box 6257
Columbia, South Carolina 29260

WINTHROP
REAL ESTATE ADVISORS

Deborah B. Haskell CRE, FRICS, MAI
Managing Partner
dhaskell@winthroprea.com

Winthrop Real Estate Advisors
P.O. Box 6257
Columbia, South Carolina 29260
Direct: 803 586-3514

January 29, 2018

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
930 Richland Street
Post Office Box 8416
Columbia, South Carolina 29202

Re: Carolina Water Service, Inc. Real Property Rights
I-20 Regional Sewer System
Lexington County, South Carolina
Case No. 2017CP3203693

Dear Mr. Hoefer:

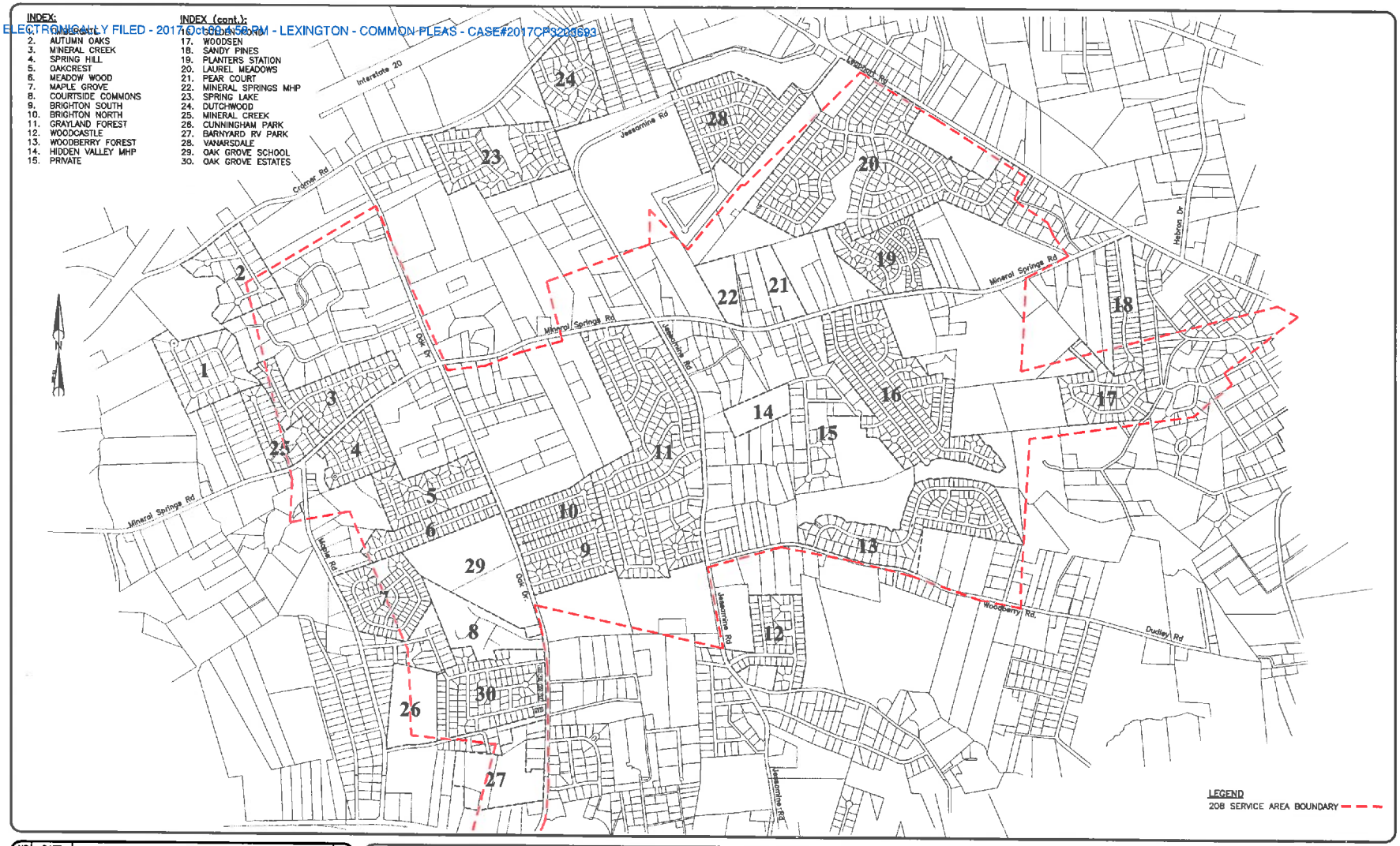
Pursuant to your request, Winthrop Real Estate Advisors ("WREA") performed an appraisal of the market value of the real property rights in the I-20 Regional Sewer System owned by Carolina Water Service, Inc. in Lexington County, South Carolina. The sewer system was acquired through eminent domain by the Town of Lexington, South Carolina.

The appraisal was developed in compliance with Standard 1 of the *Uniform Standards of Professional Appraisal Practice ("USPAP").* Our analyses and conclusions are presented in conformity with Standard 2 of *USPAP.* The value conclusions reflect the owners' marketable interest in the real property described herein as of October 9, 2017, the date that the Condemnation Notice and Tender of Payment was filed with the Court of Common Pleas. The appraisal is intended for Willoughby & Hoefer, P.A., legal counsel for Carolina Water Service, Inc., for use during eminent domain proceedings.

The report reflects research and analysis performed by Winthrop Real Estate Advisors from December 2017 through January 2018. Please note that the conclusions are subject to the Standard Conditions contained in the Addenda.

Very truly yours,

Deborah B. Haskell CRE, FRICS, MAI
Managing Partner



NO	DATE	REVISION	BY

AMERICAN ENGINEERING CONSULTANTS, INC.
1300 12th Street, Suite A · P.O. Box 2299 · Cayce, SC 29171
Phone: (803) 791-1400 · Fax: (803) 791-8110
Internet: www.aec-sc.com · Email: info@aec-sc.com

DATE AUG. 2017
SCALE NOT TO SCALE
DRAWN MAB/JACH
DESIGNED DRW
ENGINEER DRW
JOB NO 16-088
CAD FILE 1-20_OVERVIEW
LAYOUT APPENDIX A

CWS I-20 Wastewater System
PREPARED FOR
Town of Lexington
Lexington County, South Carolina
Appendix "A": CWS I-20 Wastewater System

DRAWING NO. 1 OF 1 FILE NO.

TABLE OF CONTENTS

Real Property Identification

The purpose of this analysis is to determine the value of the land and property rights in the I-20 Regional Sewer System that are owned by Carolina Water Service, Inc. ("CWS"). These property rights are an integral part of the sewer system that serves about 2,200 customers in Lexington County. The rights are comprised of fee interests and six permanent easements but do not include licenses, permits or consents that may not be transferrable upon sale.

Purpose of the Assignment

This report was requested by Willoughby & Hoefer, P.A., legal counsel for CWS, for use in conjunction with eminent domain proceedings. It is intended for the client and the court having jurisdiction in this matter.

Date of the Report and Date of Value

The date of the report is January 29, 2018. The date of value is October 9, 2017, the date that the Condemnation Notice was filed with the Court of Common Pleas.

Special Conditions

This report relies, in part, on information provided by CWS and Willoughby & Hoefer. Our analysis is also based on information obtained from public records, national and local data sources, government officials, investors, brokers and property owners. If information from any of these sources is incorrect, the value conclusions may change.

Real Property Interests

CWS owns the fee interest in pump stations, aerated equalization ponds and a former water tank site as well as six permanent easements. We are still working with the client to identify easements in the system that are located on private property. This report may be supplemented at a later date to address any additional easements. Our value conclusions are based on the fee simple and partial interests. Fee simple interest is defined as

> "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat."[1]

An easement is a partial interest in real property and is defined as:

> "An interest in real property that conveys use, but not ownership, of a portion of an owner's property.[2]

Standard of Value

The purpose of this analysis is to determine the compensation to be paid for the eminent domain acquisition of the real property rights in the I-20 Regional Sewer System in Lexington

---

1 The Dictionary of Real Estate Appraisal, Appraisal Institute, Fifth Edition, 2010
2 Ibid. pg. 110

County as of October 9, 2017. In other words, how much should the Town of Lexington, South Carolina pay for the acquisition of the fee takings and permanent easements defined in the Condemnation Notice and Tender of Payment dated October 9, 2017. Fair market value is the standard for measuring all damages that result from an eminent domain taking. It is defined in the *Uniform Appraisal Standards for Federal Land Acquisitions* as:

> "The amount in cash, or in terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."

In addition, the widely respected legal treatise Nichols on Eminent Domain states that:

> "The constitutional goal of valuation in eminent domain is just or full compensation, a 'practical attempt to make the owner whole.' It is an effort to put the owner in as good a position financially as he or she would have been, but for the taking."[3]

Premise of Value

There are two basic concepts that are critical to the valuation process. The first is the concept of highest and best use and the second is the principle of substitution. The market value of real property is always estimated in terms of its highest and best use. Indeed, highest and best use can be described as the foundation on which market value rests. The *Appraisal of Real Estate*, 13th Edition defines highest and best use as:

> "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."[4]

For purposes of clarification, "reasonably probable" means that the use is not conjectural, but likely in the near future. Alternatively, some state statutes use the term "reasonably adaptable and available." "Appropriately supported" means that the vacant land has the necessary access, utilities, permits and site improvements to make it a suitable site for the use(s) being proposed or in place. "Financially feasible" means that there is both sufficient market demand for the proposed or actual use to support it on the market, and that it is reasonable to expect that the use will produce a competitive rate of return on the investment in the property. Finally, the "highest value" is calculated as of the date of value, from among any alternative uses that might meet the tests of reasonably probable, legally permissible, physically possible, appropriately supported and financially feasible.

---

3 Nichols on Eminent Domain (14A-8)

4 The Appraisal of Real Estate, 13th Edition, pg. 298

Components of Highest and Best Use

Legally Permissible - The use(s) being considered must be consistent with zoning and all other land use regulations or limitations placed by both government and private deed restrictions on the property. All of the permits necessary to put the property to the proposed use must be in place, or reasonably anticipated.

Physically Possible - The use(s) being considered must be able to fit on the site. Moreover, topographic, subsurface support and drainage requirements must be met. Access to highways, utilities and other necessary infrastructure must be in place or readily available.

Financially Feasible - As noted above, "financial feasibility" means first, that there must be sufficient market demand for the proposed use so that the property is readily marketable. Secondly, there must be a reasonable probability and expectation that the proposed use will produce a competitive rate of return on the investment in the property, expressed either in money, amenities, or some combination of both.

Maximally Productive - If there are two or more uses that meet the tests of legally permissible, physically possible and financially feasible, then the one with the greatest productivity in money, amenities or some combination of both produces the highest value as of the date of value. That use is the highest and best use.

The highest and best use of the improved property may be different from that of the vacant site. Unless and until the value of the vacant site is greater than the value of the improved property, less the costs of demolition and site preparation, the highest and best use of an improved property will be "as improved."

Application to the CWS Real Property Rights

Legally Permissible - The I-20 Regional Sewer System in Lexington County primarily traverses residential zoning districts. The use was established prior to current zoning and is an essential public service. Thus, it is considered a legally permissible and necessary use.

Physically Possible - The I-20 Regional Sewer System is physically capable of continuing to provide sanitary sewer services to over 2,200 customers throughout the county. The network is comprised of pump stations, aerated equalization ponds, a water tower, sewer lines, force mains and outfalls that provide sanitary sewer services to a variety of customers.

Financially Feasible - The I-20 Regional Sewer System is located in a moderately to densely developed suburban area that is primarily oriented to residential housing. The history of profitable operation and continued demand is prima facie evidence of feasibility.

Maximally Productive - There is no indication that any prospective use is superior to the current use as a sewer system.

Conclusion of Highest and Best Use - The I-20 Regional Sewer System is a physically appropriate, legally permissible and financially feasible use of the land and property rights. The

system serves about 2,200 customers in Lexington County, generates substantial revenue and is a profitable use. Furthermore, it is unlikely that a competitor could feasibly acquire the property rights to construct a replacement system. Thus, it is my conclusion that the highest and best use of the I-20 Regional Sewer System is for continued utility use.

Scope of Work

The purpose of this assignment is to determine the market value of the property rights in the sewer system in Lexington County that CWS owns in fee or occupies by easement. This includes the fee ownership in thirteen separate parcels improved with pump stations, aerated equalization ponds and a former water tank as well as six permanent easements. These parcels are connected by gravity and force main sewer lines which are not part of this analysis. The total value reflects the assembled network as it exists today, which would be extremely difficult, if not impossible, to replicate. It is based on the Across the Fence (ATF) value for each separate and distinct parcel plus the plottage value for the assembled network.

Our work entailed meeting with CWS attorneys and engineers to discuss the I-20 Regional Sewer System in Lexington County. I also performed site visits to the pump stations and aerated equalization ponds and viewed the pipeline and force main network that supplies sewer services to existing customers.

My analysis of land value is based on sales of vacant land and improved properties throughout Lexington County, in general, and in the CWS service area, in particular. I reviewed the sale data, made field inspections of the relevant properties and spoke to brokers, owners and investors to understand the local market. Based on this, I determined the underlying land values throughout the system. I then assigned Across the Fence (ATF) values to the individual parcels and easements that comprise the CWS ownership of the sewer system in Lexington County.

Finally, I applied a plottage, or enhancement, factor to reflect the total value of the assembled sewer system as it exists today. This factor is based on my analysis of sales of utility networks throughout the country and the contributory value of the assembled land rights.

Extraordinary Assumptions and Hypothetical Conditions

According to the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation, the definition of an extraordinary assumption is

> An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

The definition of a hypothetical condition is

> A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

There are no extraordinary assumptions or hypothetical conditions in this valuation.

MARKET OVERVIEW

Economic Trends

The economic outlook for South Carolina, in general, and Lexington County, in particular, is positive. Business growth continues, inflation remains low and consumer sentiment is rising. In addition, private company executives are optimistic about the future. While longer-term forecasts must wrestle with the question of the increasing national debt and the ability of the Federal Reserve Bank to guide financial markets, the near-term prospects are good.

Despite historically low interest rates, national economic growth between 2008 and year-end 2016 was the slowest in recent history. This is in stark contrast to the stock market, which has risen to record levels. In addition, financial institutions and corporations have experienced record profits and increased balance sheets. During this time, unemployment rates declined resulting in tighter labor markets. This was attributable to job growth but also to the fact that fewer adults were participating in the labor market. This could explain the lack of wage growth.

The near term and long range economic outlooks for both the U.S. and South Carolina are favorable. The U.S. Commerce Department announced that the national economy grew at a rate of 3.0% in the second half of 2017. This is the highest growth rate in over eight years. This is primarily attributable to the strength of the U.S. dollar as well as to accommodative interest rates and low fuel prices. Consumer confidence is up and the national unemployment rate dropped to 4.1% in October 2017. This is similar to the 4.0% rate in South Carolina. Given this environment, many private-companies are investing in new facilities and equipment.

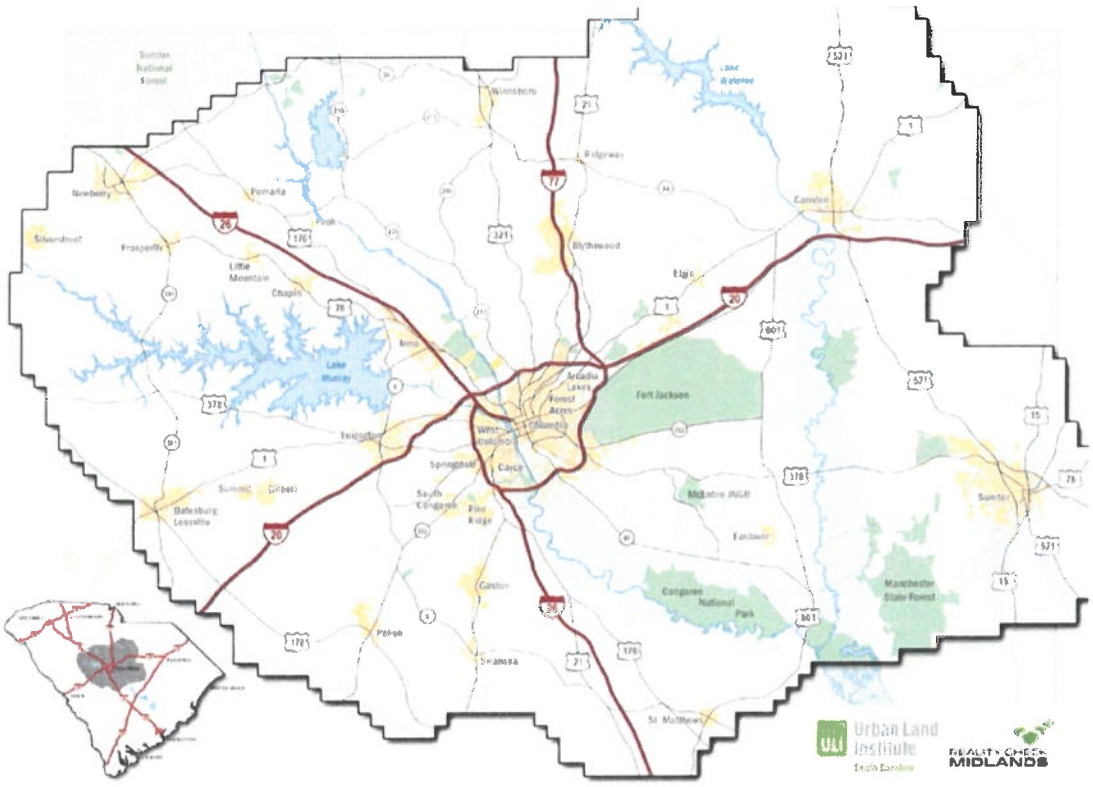
South Carolina is a business-friendly environment and the Department of Commerce has successfully negotiated deals with major national and international corporations. It is a right-to-work state and has one of the lowest unionization rates in the nation. It is an attractive option for companies seeking to expand operations in the Southeast because of its competitive corporate income tax rates as well as favorable rates for workers' compensation and healthcare insurance. In addition, property tax rates are some of the lowest in the county.

According to regional economists, most regions and industries in South Carolina experienced positive job growth between 2015 and year-end 2017. This is one of the best indicators of overall economic health. The manufacturing industry is a major economic driver throughout the state. This is fueled by the Boeing manufacturing facility expansion in North Charleston, expansion of the BMW manufacturing plant in the upstate and new pharmaceutical and high-tech companies in the Midlands.

The leisure, hospitality and employment services sectors are also growing. Consumers and households have reduced debt levels while personal net worth has increased. The decline in energy prices, including the price of gasoline, has also had a simulative effect. These factors have resulted in more disposable income and increasing demand for tourism-related industries, especially in South Carolina's coastal regions.

The state economy is supported by global manufacturers as well as civilian and military aerospace companies that ship products throughout the world. The economies in Europe

and Asia are beginning to rebound, which will benefit South Carolina's foreign trade. In the near term, regional economists anticipate real income growth in South Carolina to be in the 2.0% to 2.5% range.



The I-20 Regional Sewer System is located in Lexington County, which is part of Metropolitan Columbia. This area is the geographic center of the state and encompasses Lexington, Richland, Sumter, Fairfield, Kershaw, Orangeburg and Saluda Counties. The region is also known as the Midlands, although technically the geographic boundaries for the Midlands exclude Sumter County.

Transportation

Metropolitan Columbia benefits from an excellent transportation system as well as a variety of employment opportunities and housing options. Interstate highways I-26, I-20 and I-77 traverse the region and provide direct links to the surrounding metropolitan areas. There are also numerous state highways that connect the cities and towns to employment and commercial centers.

Columbia Metropolitan Airport (CAE), a regional transportation hub, is located about fifteen miles southeast of the CWS service area in West Columbia. Three national airlines and two fixed-base charter operators provide passenger service throughout the United States. The airport has completed several major capital projects over the last ten years including renovating and expanding the terminal, constructing a new parking garage and lengthening the runways. There are ongoing plans to improve the access to I-26.

The airport maintains a dedicated air cargo terminal, the Columbia Airport Enterprise Park (CAE Park), to accommodate commercial freight carriers. UPS has its southeastern regional hub at CAE, which is one of six regional hubs throughout the United States. The facility is comprised of 352,000 square feet of space and a 44-acre ramp large enough to hold 22 DC-8 aircraft. Other major air cargo companies serving the airport include ABX Air and FedEx Express.

CSX and Norfolk Southern railroads traverse the region and provide freight transport to the surrounding metropolitan areas as well as throughout the country. These rail corridors connect the Port of Charleston to the Midlands and Upstate regions as well as to the major interstate highways that serve the east and west coasts of the United States. Once the expansion of the Port of Charleston is complete and the adjoining intermodal facility is constructed, the CSX and Norfolk Southern rail operations will be critical components in the national logistical system.

Norfolk Southern operates a Thoroughbred Bulk Transfer (TBT) terminal on Old Dunbar Road in West Columbia. This specialized facility allows customers to transfer a large array of commodities between rail cars and trucks. The TBT terminal is owned by Norfolk Southern but operated by independent contractors that are industry experts in facilitating safe and efficient bulk transfer and distribution. The facilities allow customers without rail siding to receive the benefits of rail economics and service quality.

Growth Forecasts

According to projections by the United States Conference of Mayors (USCM), the majority of the population growth over the next twenty years in the 127 major U. S. metropolitan areas will occur in the South and West. Over 50% of this growth is expected in the South, which would add 33 million residents. The West anticipates capturing about 35% percent of the growth, or 22 million residents, while the Midwest is forecast to capture about 10% percent, or 8 million residents. The Northeast is anticipated to capture less than 5% of the growth and continue to lag the projected national growth rate.

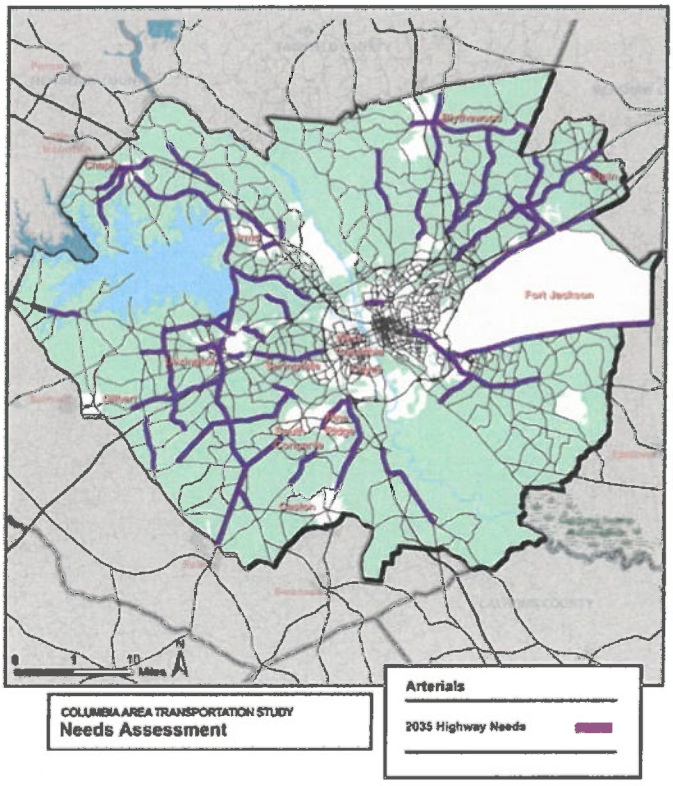
While the USCM data focuses on the major metropolitan areas, these geographic trends will also affect smaller metropolitan areas like the Columbia region. In fact, the Central Midlands Council of Governments (COG) has projected that by 2040 there will be an influx of 450,000 new residents to metropolitan Columbia. This will result in 176,000 new housing units and 192,000 new jobs.

The CWS service area is located in Lexington County. Therefore, we analyzed actual and forecast population growth to determine future demand for residential housing. According to a study prepared by the Central Midlands Council of Governments, Lexington County has had the region's fastest increase in population since 2000. The current population is 288,967, which is a

9% increase over the last five years (2010). In addition, Lexington County is anticipated to experience significant growth through the year 2040 when the population is forecast to be 476,500 residents. This reflects an 65% increase, which will require both housing and employment opportunities.

In anticipation of this growth and the inevitable traffic congestion, the Central Midlands COG produced a regional transportation study entitled the Midlands Tomorrow Regional Transportation Plan. The plan incorporates the widening of major thoroughfares and interstate highways, intersection improvements, interstate highway interchange improvements, and construction of a limited number of new roads. The Columbia Area Transportation Study (COATS) then prioritized the major thoroughfare and intersections projects. The Interstate highway improvements were taken from the South Carolina Department of Transportation State-Wide Multi-Modal Transportation Plan.

Highway Widening Needs Assessment



Source - Midlands Tomorrow Regional Transportation Plan

According to the report, major transportation corridors throughout Lexington County are scheduled for roadway improvements. Greater accessibility will result in more housing development and the associated demand for utilities and associated infrastructure.

In conclusion, Metropolitan Columbia, in general, and Lexington County, in particular, has a diverse economic base and benefits from a favorable business environment. The region has experienced positive employment growth and the inflow of many private companies attracted by affordable property values, the availability of a skilled labor force and favorable tax rates. Economic and demographic indicators point to continued employment and population growth throughout the region supported by business expansion and the in-migration of new residents.

PROPERTY DESCRIPTION

The I-20 Regional Sewer System that is the subject of this analysis is located in Lexington County. It is a private utility that began operations in the 1960's and has about 2,200 customers. The service area encompasses single family residential neighborhoods, residential land, two mobile home parks and mixed-use districts. Reportedly, the Town of Lexington will incorporate the sewer assets into a regional wastewater system in Cayce.

As described in the Condemnation Notice, the Town of Lexington took

> "All sewer assets of Carolina Water Service, Inc./Utilities, Inc. associated with the I-20 Regional Sewer System in Lexington County, South Carolina as shown on Appendix "A" and Appendix "B", including without limitation the real property, easements, including utility easements and access easements, any and all improvements and fixtures affixed to the land, including buildings, gravity sanitary sewer piping, sanitary sewer force main piping, effluent force main piping, sanitary sewer manholes, sanitary sewer pump stations, all appurtenances, records, customer data, the I-20 Regional WWTP located on T.M.S. No. 004521-01-019 at Laurel Meadows Subdivision off of Laurel Meadows Drive, the Spring Hill aerated equalization pond located on T.M.S. No.00417-02-038 at Spring Hill Subdivision off of Hill Springs Drive, the Woodsen aerated equalization pond located on T.M.S. No.0045-01-020 at Woodsen Subdivision off of Woodsen Circle, the I-20 Regional WTTP dechlorination facility located within an easement on an unknown parcel off of Davega Drive, and designated rights as the Management Agency under the 208 Water Quality Management Plan for the I-20 Regional Sewer System.
>
> The subject sewer system includes approximately 101,000-feet of gravity sanitary sewer piping, 39,000-feet of sanitary sewer force main piping, 11,000-feet of effluent force main piping, 450 sanitary sewer manholes, and 16 sanitary sewer pump stations. The particular neighborhoods/areas served by the sewer system are: Timbergate, Autumn Oaks, Mineral Creek, Spring Hill, Oakcrest, Meadow Wood, Maple Grove, Courtside Commons, Brighton South, Brighton North, Grayland Forest, Woodcastle, Woodberry Forest, Hidden Valley Mobile Home Park (satellite system), Golden Pond, Woodsen, Sandy Pines, Planters Station, Laurel Meadows, Pear Court, Mineral Springs Mobile Home Park (satellite system), Spring Lake, Dutchwood, Mineral Creek, Cunningham Park, Barnyard RV Park, Vanarsdale (satellite system), Oak Grove School, Oak Grove Estates, and any tributary sanitary sewer collection systems which discharge to the previous listed areas and which ultimately discharge to the I-20 Regional WTTP, other than system(s) listed above as being satellite systems of the I-20 Regional Sewer System."[5]

[5] Condemnation Notice and Tender of Payment electronically filed October 9, 2017

This analysis focuses on the real property rights associated with the CWS assets that were acquired as part of the condemnation. These property rights are an integral part of the I-20 Regional Sewer System and are comprised of fee interests and permanent easements. They do not include land rights controlled by license, permit or consent that may not be transferrable upon sale.

The Condemnation Notice describes the sixteen pump stations and sanitary sewer force main network. It also references 101,000-feet of gravity sanitary sewer piping but does not include a description. The seven maps that show the entire network are included on the following pages.

PROPERTY TAX ASSESSMENT

The following chart summarizes the Lexington County property assessments for a portion of the CWS assets.

PROPERTY TAX ASSESSMENT
Carolina Water Service, Inc

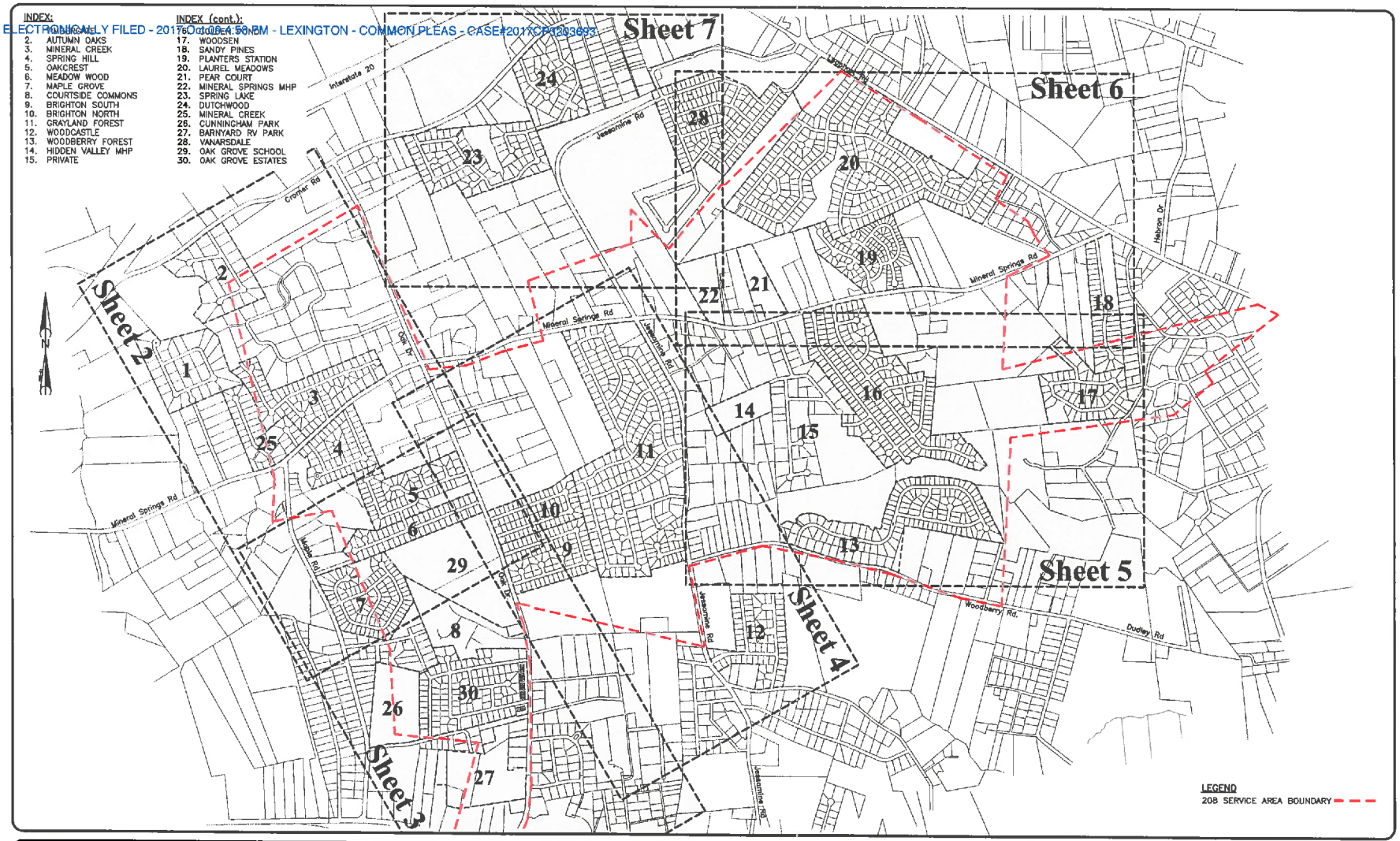
Assessing Authority	Lexington County
Tax Year	2017

ASSESSMENT INFORMATION

Assessor's Parcel	Identification	Taxable Land	Land Assessment
004434-01-027	Autumn Oaks	$500.00	$30.00
004417-02-038	Spring Hill	$3,000.00	$180.00
004420-05-025	Cunningham Park	$500.00	$30.00
004517-07-007	Garland Forest	$500.00	$30.00
004546-01-028	Sparrow Pointe	$500.00	$30.00
004525-04-011	Woodcastle	$15,870.00	$950.00
004522-01-020	Woodsen	$500.00	$30.00
004517-07-008	Water Tank Site	$500.00	$30.00
004521-01-019	I-20 Regional WWTP	$4,800.00	$290.00
004540-01-033	Savannah Pointe	$500.00	$30.00
004424-04-021	Springlake	$14,950.00	$900.00
004458-01-017	Pear Court	$30,000.00	$1,800.00
Total Taxable Value		**$72,120.00**	
Total Assessment			**$4,330.00**

ZONING

The CWS sewer system is primarily in the RD and ID zoning districts as described in Lexington County zoning ordinance. The zoning map on the following page illustrates the zoning classifications that apply throughout the CWS service area.



NO	DATE	REVISION	BY

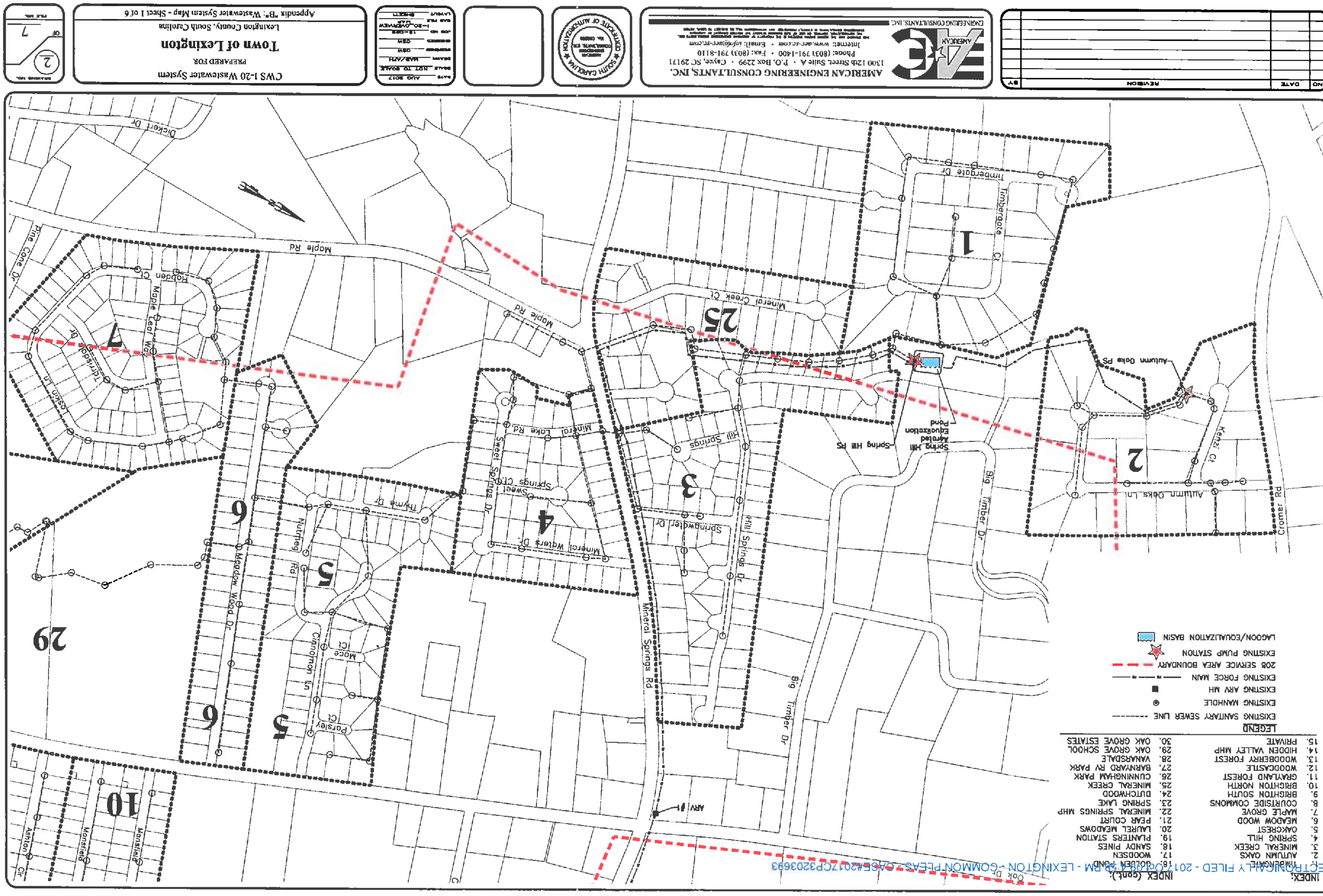
AMERICAN ENGINEERING CONSULTANTS, INC.
1300 12th Street, Suite A · P.O. Box 2299 · Cayce, SC 29171
Phone: (803) 791-1400 · Fax: (803) 791-8110
Internet: www.aec-sc.com · Email: info@aec-sc.com

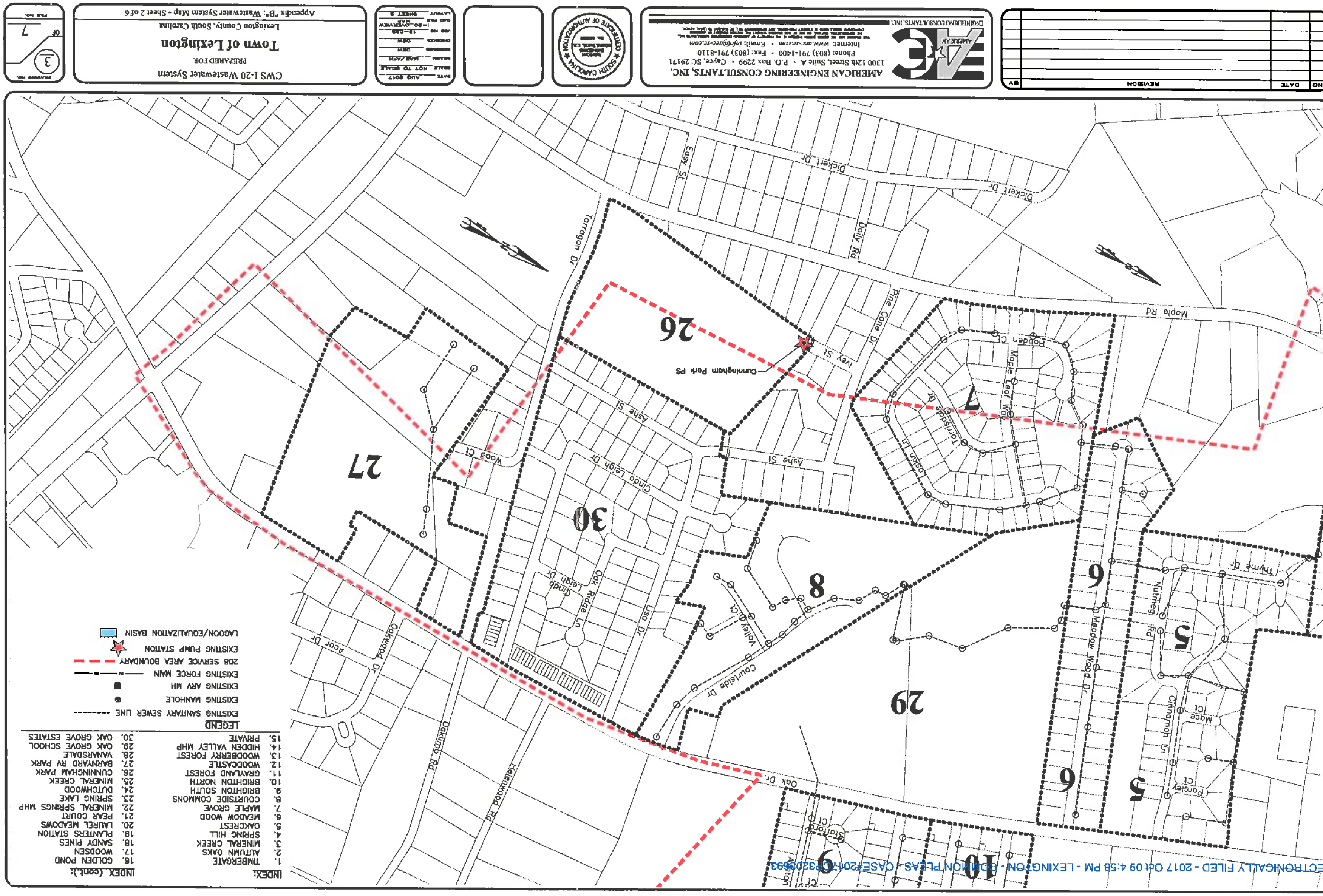
SOUTH CAROLINA ENGINEERING CONSULTANTS, INC. CERTIFICATE OF AUTHORIZATION

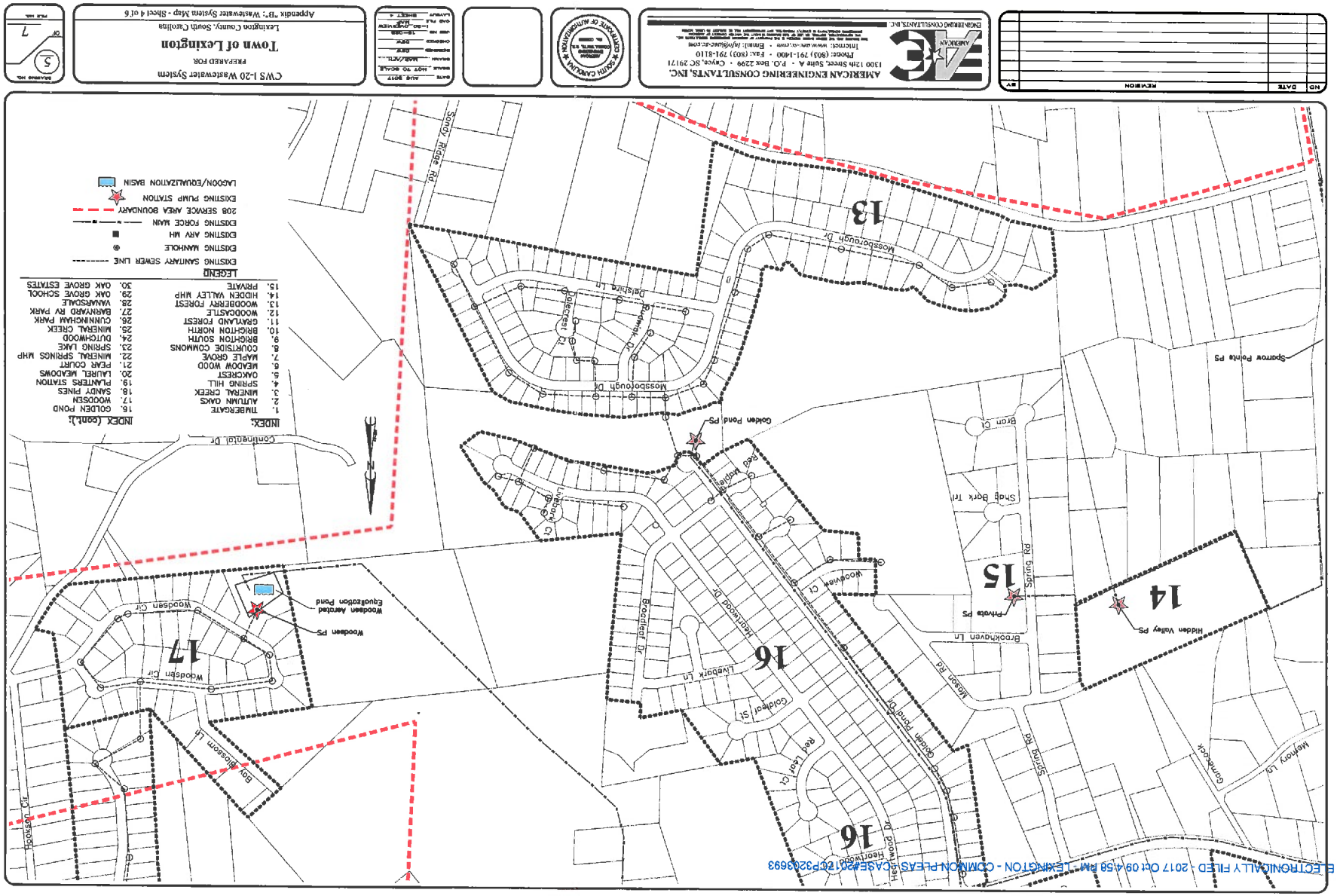
DATE: AUG 2017
SCALE: NOT TO SCALE
DRAWN: MAB/APH
CHECKED: DBW
ENGINEER: DBW
JOB NO: 18-089
DWG FILE: I-20_OVERVIEW.DWG
LAYOUT: INDEX

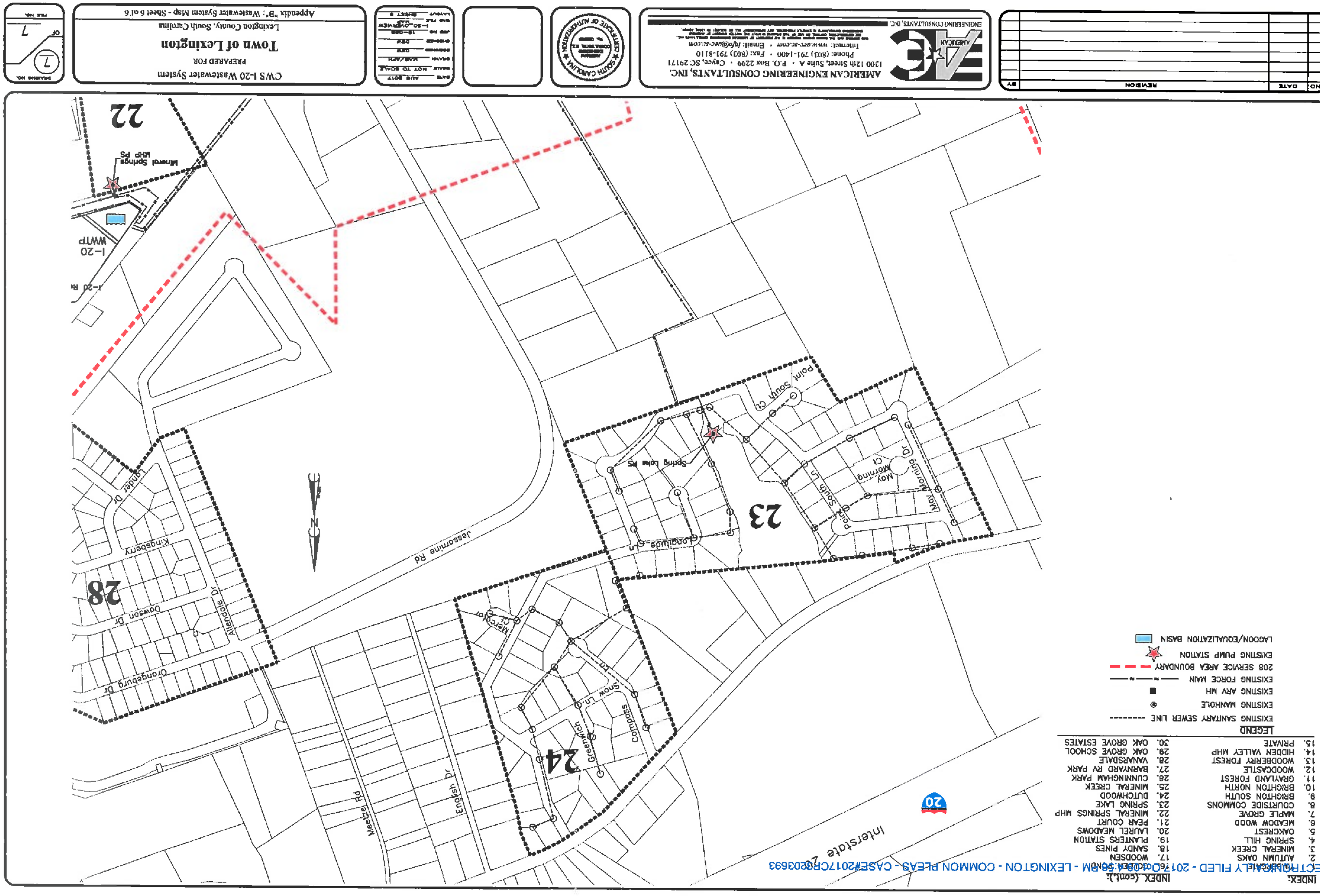
CWS I-20 Wastewater System
PREPARED FOR
Town of Lexington
Lexington County, South Carolina
Appendix "B": Wastewater System Map - Index Sheet

DRAWING NO. 1 OF 7
FILE NO.

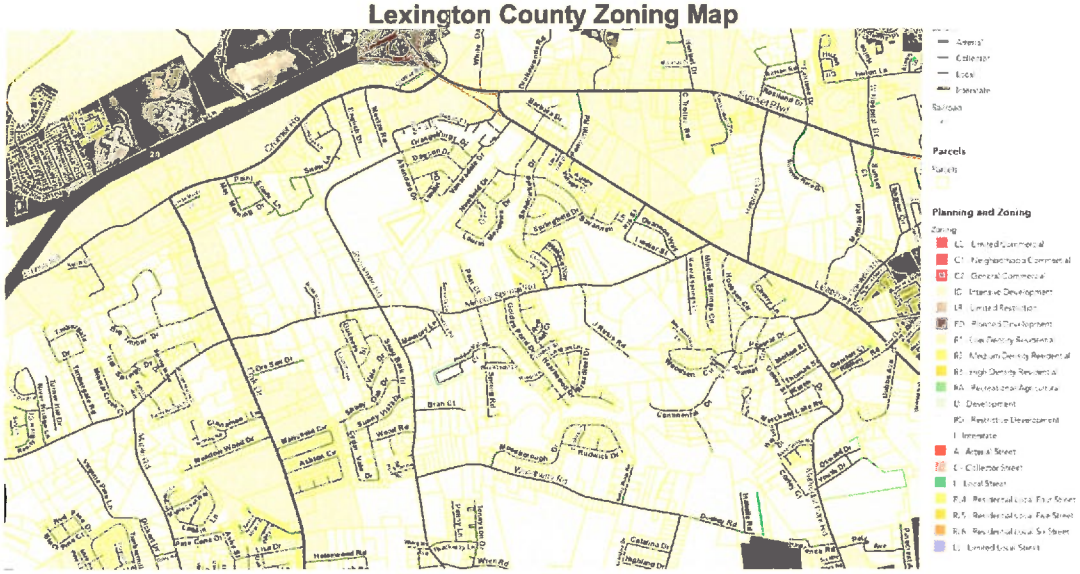

CWS I-20 Wastewater System
PREPARED FOR
Town of Lexington
Lexington County, South Carolina
Appendix "B": Wastewater System Map - Sheet 1 of 6
AMERICAN ENGINEERING CONSULTANTS, INC.
1300 12th Street, Suite A · P.O. Box 2299 · Cayce, SC 29171
Phone: (803) 791-1400 · Fax: (803) 791-8110
Internet: www.aec-sc.com · Email: info@aec-sc.com
INDEX:
2. AUTUMN OAKS
3. MINERAL CREEK
4. SPRING HILL
5. OAKCREST
6. MEADOW WOOD
7. MAPLE GROVE
8. COURTSIDE COMMONS
9. BRIGHTON SOUTH
10. BRIGHTON NORTH
11. GRAYLAND FOREST
12. WOODCASTLE
13. WOODBERRY FOREST
14. HIDDEN VALLEY MHP
15. PRIVATE
INDEX (cont.):
17. WOODSEN
18. SANDY PINES
19. PLANTERS STATION
20. LAUREL MEADOWS
21. PEAR COURT
22. MINERAL SPRINGS MHP
23. SPRING LAKE
24. DUTCHWOOD
25. MINERAL CREEK
26. CUNNINGHAM PARK
27. BARNYARD RV PARK
28. VANARSDALE
29. OAK GROVE SCHOOL
30. OAK GROVE ESTATES
LEGEND
EXISTING SANITARY SEWER LINE
EXISTING MANHOLE
EXISTING ARV MH
EXISTING FORCE MAIN
208 SERVICE AREA BOUNDARY
EXISTING PUMP STATION
LAGOON/EQUALIZATION BASIN
Maple Rd
Mineral Springs Rd
Big Timber Dr
Cromer Rd
Autumn Oaks Ln
Kenzi Ct
Autumn Oaks PS
Spring Hill PS
Spring Hill Aerated Equalization Pond
Timbergate Dr
Timbergate Ct
Mineral Creek Ct
Hill Springs Dr
Springwater Dr
Mineral Waters Dr
Sweet Springs Dr
Sweet Springs Ct
Mineral Lake Rd
Thyme Dr
Nutmeg Rd
Cinnamon Ln
Mace Ct
Parsley Ct
Meadow Wood Dr
Maple Leaf Way
Hopden Ct
Terrisdale Dr
Loskin Ln
Pine Cone Dr
Dickert Dr
Mansfield
Ashton Cir
ARV


INDEX:
1. TIMBERGATE
2. AUTUMN OAKS
3. MINERAL CREEK
4. SPRING HILL
5. OAKCREST
6. MEADOW WOOD
7. MAPLE GROVE
8. COURTSIDE COMMONS
9. BRIGHTON SOUTH
10. BRIGHTON NORTH
11. GRAYLAND FOREST
12. WOODCASTLE
13. WOODBERRY FOREST
14. HIDDEN VALLEY MHP
15. PRIVATE
INDEX (cont.):
16. GOLDEN POND
17. WOODSEN
18. SANDY PINES
19. PLANTERS STATION
20. LAUREL MEADOWS
21. PEAR COURT
22. MINERAL SPRINGS MHP
23. SPRING LAKE
24. DUTCHWOOD
25. MINERAL CREEK
26. CUNNINGHAM PARK
27. BARNYARD RV PARK
28. VANARSDALE
29. OAK GROVE SCHOOL
30. OAK GROVE ESTATES
LEGEND
EXISTING SANITARY SEWER LINE
EXISTING MANHOLE
EXISTING ARV MH
EXISTING FORCE MAIN
208 SERVICE AREA BOUNDARY
EXISTING PUMP STATION
LAGOON/EQUALIZATION BASIN
Cunningham Park PS
Tarragon Dr
Wood Ct
Acor Dr
Oakwood Dr
Oaklimb Rd
Hollenwood Rd
Cinda Leigh Dr
Oak Ridge Ln
Lisa Dr
Ashe St
Easy St
Dickert Dr
Dolly Rd
Ivey St
Pine Cone Dr
Courtside Dr
Valley Ct
Oak Dr
Stafford Ct
Loskin Ln
Torrisdale Dr
Maple Leaf Way
Hodden Ct
Maple Rd
Meadow Wood Dr
Cinnamon Ln
Nutmeg Rd
Parsley Ct
Mace Ct
Thyme Dr
27
26
30
8
29
7
9
10
6
5
CWS I-20 Wastewater System
PREPARED FOR
Town of Lexington
Lexington County, South Carolina
Appendix "B": Wastewater System Map - Sheet 2 of 6
AMERICAN ENGINEERING CONSULTANTS, INC.
1300 12th Street, Suite A · P.O. Box 2299 · Cayce, SC 29171
Phone: (803) 791-1400 · Fax: (803) 791-8110
Internet: www.aec-sc.com · Email: info@aec-sc.com
AUG 2017
NOT TO SCALE
REVISION
DATE
BY
3
7
ELECTRONICALLY FILED - 2017 Oct 09 4:58 PM - LEXINGTON - COMMON PLEAS - CASE#2017CP3203583




CWS I-20 Wastewater System
PREPARED FOR
Town of Lexington
Lexington County, South Carolina
Appendix "B": Wastewater System Map - Sheet 6 of 6
AMERICAN ENGINEERING CONSULTANTS, INC.
1300 12th Street, Suite A · P.O. Box 2299 · Cayce, SC 29171
Phone: (803) 791-1400 · Fax: (803) 791-8110
Internet: www.aec-sc.com · Email: info@aec-sc.com
22
28
23
24
Mineral Springs MHP PS
I-20 WWTP
Orangeburg Dr
Dawson Dr
Kingsberry
Allendale Dr
Jessamine Rd
Meetze Rd
English Dr
Greenwich
Compass
Snow Ln
Longitude Ln
Spring Lake PS
Point South Ct
Point South Ln
May Morning Ct
May Morning Dr
Interstate 20
INDEX:
2. AUTUMN OAKS
3. MINERAL CREEK
4. SPRING HILL
5. OAKCREST
6. MEADOW WOOD
7. MAPLE GROVE
8. COURTSIDE COMMONS
9. BRIGHTON SOUTH
10. BRIGHTON NORTH
11. GRAYLAND FOREST
12. WOODCASTLE
13. WOODBERRY FOREST
14. HIDDEN VALLEY MHP
15. PRIVATE
INDEX (cont.):
17. WOODSEN
18. SANDY PINES
19. PLANTERS STATION
20. LAUREL MEADOWS
21. PEAR COURT
22. MINERAL SPRINGS MHP
23. SPRING LAKE
24. DUTCHWOOD
25. MINERAL CREEK
26. CUNNINGHAM PARK
27. BARNYARD RV PARK
28. VANARSDALE
29. OAK GROVE SCHOOL
30. OAK GROVE ESTATES
LEGEND
EXISTING SANITARY SEWER LINE
EXISTING MANHOLE
EXISTING ARV MH
EXISTING FORCE MAIN
208 SERVICE AREA BOUNDARY
EXISTING PUMP STATION
LAGOON/EQUALIZATION BASIN
NO
DATE
REVISION
BY

Lexington County Zoning Map



Development in Lexington County is controlled by both the zoning classification and the classification of the adjoining roadway. The majority of the service area is oriented to residential uses. Thus, the classifications of the Local roadways apply. The density and dimensional requirements of the categories are summarized on the following chart.

ZONING

Municipality Governing Zoning	Lexington County
Zoning Classifications	RD - Restrictive Development ID - Intensive Development
Allowed Uses	The RD and ID classifications are somewhat all encompassing and allow a variety of development including single and multifamily residential dwellings as well as institutional, recreational, commercial and industrial uses. The intensity of development is controlled by the proposed use and classification of the adjoining street.

ZONING REQUIREMENTS	CODE	CODE
Classification	RD - Restrictive Development	ID - Intensive Development
Minimum Lot Area	None	None
Minimum Setbacks		
Residential	10 feet	10 feet
Busness Parks	30 feet	30 feet
Shopping Centers	50 feet	50 feet
Roadway Classification - Allowed Density		
Arterial - A	Intensive commercial and industrial	Intensive commercial and industrial
Collector - C	Intensive commercial and industrial	Intensive commercial and industrial
Local - L		
Residential Local Six - RL6	Six dwelling units per acre	Six dwelling units per acre
Residential Local Five - RL5	Five dwelling units per acre	Five dwelling units per acre
Residential Local Four - RL4	Four dwelling units per acre	Four dwelling units per acre

VALUATION METHODOLOGY

There are three traditional approaches to determine value; the sales comparison approach, the income capitalization approach, and the cost approach. These valuation methods are described as follows:

Sales Comparison Approach

The sales comparison approach is based on the principle of substitution and the premise that a willing and knowledgeable buyer will pay no more for a property than the cost to obtain an equally desirable substitute. Conversely, a seller will accept no less than recent prices for properties with similar locational and physical attributes. The application of the sales comparison approach involves comparing the property under analysis with similar properties that have recently sold and for which the sale prices and terms are known.

The real estate market is characterized by inefficiency. Price variations reflect differences in a property's physical and economic attributes, the proposed use of the land, the legal interest conveyed, the competitive investment environment, and the structure of the transaction. Because comparability is a relative concept, it is necessary to not only identify the highest and best use of the property under analysis but also to understand the significant differences between the subject and the sale properties. The sales comparison approach reflects the actions of market participants.

Income Capitalization Approach

The income capitalization approach is the most meaningful appraisal technique in valuing the fee ownership of properties that generate revenue. This methodology is predicated on an investor's financial objective to realize the economic benefits derived from real property in the form of a positive cash flow. The price that an investor regards as prudent is that price at which the projected income stream is expected to provide an acceptable return on and return of invested capital. As a result, the indicated market value of the property is the present worth of the reasonably anticipated income stream and reversionary value at the termination of the investment.

Cost Approach

The Cost Approach is based on the premise that an informed, prudent buyer would not pay more for a property than the cost to develop an equally suitable alternative. This assumes that the properties have legal title and offer economically equivalent benefits. The cost approach is an estimate of the replacement value of a property as determined by the cost of the land and improvements. Rather than valuing property as a whole, the cost approach reflects the sum of the land value and improvement or building value.

Application

Utility networks are unique because they offer linear connectivity and continuity between points with resulting economic benefit. In other words, the value of a utility network is a function of the areas through which it passes and the points it connects. The end points set the upper limit of

value because they determine the need for, and economic justification of, connecting the points within the network. The pump stations and aerated equalization ponds represent mid-points within the network and contribute value proportionately with demand and intensity of use.

In this case, the gravity sanitary sewer, sanitary sewer force main and sanitary sewer effluent piping connect to the pump stations, aerated equalization ponds and WTTP dechlorination facility. The pump stations, aerated equalization ponds and the former water tank are located on land owned in fee by CWS. As stated previously, the gravity sanitary sewer, sanitary sewer force main and sanitary sewer effluent piping that connect the pump stations, aerated equalization ponds and WTTP dechlorination facility are not part of this analysis.

Valuation methodology for utility networks has evolved over the years as the industry has matured, the country has become more populated and the need for infrastructure has increased. There have been many articles written since the 1970's documenting widely accepted valuation methodology for utility networks. Charles F. Seymour, MAI, CRE and John P. Dolman, MAI, CRE are well known experts on corridor and network valuation and were some of the first professionals to recognize that assembled networks command premiums beyond simple land value. They have written extensively on this subject.

The value of a utility network has two components. The first component is the "Across the Fence" value of the land and property rights. This assumes that the network is comprised of individual and disassembled parcels. Each segment of the network is assigned a value based on the highest and best use of the abutting land "Across the Fence." This component ignores any unity of ownership or use and represents the lowest limit of value for a utility network.

The second component of value is plottage, or enhancement, value. When parcels are assembled to form a network or grid, synergism is created because the value of the whole exceeds the sum of the value of the individual parts. As an example, a ten-mile length of fiber optic cable is more valuable than the materials used to make it. It is also more valuable than 10 one-mile lengths.

The concept of "plottage" illustrates this synergism. Simply put, it is the increase in value resulting from the improved utility of combining small parcels into one large parcel. It is not the cost of assembling alone that is responsible for plottage value. In order for the plottage increment to be realized, the assembled units must create a superior, or more valuable, use. In other words, the assemblage must create a new highest and best use that is more profitable than the use of the individual parcels prior to assemblage.

Four conditions must exist for the plottage increment, or special enhancement, to affect market value:

1. The property must be unique;
2. It must contain special benefits;
3. Added value must arise out of the avoidance of cost and;
4. There must be demand for the special use.

The conclusion of the highest and best use determines the appropriate valuation methodology for a utility network. In this case, the highest and best use of the I-20 Regional Sewer System in Lexington County is for continued operation utilizing the pump stations, aerated equalization ponds and all piping that connects these facilities throughout the service area. Thus, the appropriate valuation methodology is based on the principle of substitution.

The principle of substitution states that the value of real property or property interests can be measured by the cost to acquire land and construct a new improvement, the cost to buy an equally satisfactory substitute property or alternatively, the cost to buy some other form of investment with similar expectation of risk and return. The I-20 Regional Sewer System is a fully assembled utility network. Thus, a hypothetical buyer/user has two choices:

1. Assemble all real property rights required for a utility network, obtain all necessary approvals and construct the improvements or;

2. Acquire an existing network if a suitable one is available.

In this scenario, the upper limit of value is the cost to acquire all the land and property rights to develop a new sanitary sewer system identical to the one owned by CWS. However, utility networks typically do not sell for replacement cost because each user has specific requirements and it is unlikely that an existing network will be ideal. Thus, the value of an existing network is somewhere between the upper and lower limits of value, depending upon the location, demand, competition and barriers to entry.

VALUATION

Accepted valuation methodology for an existing utility network has three steps. The first step is to estimate the value of the land and property rights included in the network. The second step is to apply a factor to the value of the land and property rights to reflect the additional value of the assembled network. Finally, the depreciated value of the existing improvements is added to the value of the land rights to reflect the value of the entire network. This analysis focuses on the value of the land and property rights that comprise the I-20 Regional Sewer System.

Across the Fence Valuation of CWS Land and Property Rights

In order to determine the value of the land and property rights owned by CWS, I utilized the "Across the Fence" appraisal methodology. The valuation premise is that the value of a utility network is directly related to the value of the adjoining land "across the fence." This methodology utilizes the Sales Comparison Approach and assumes that each segment of the network has a separate value based upon the adjoining land use and zoning. This appraisal technique involves identifying and analyzing sales of properties throughout Lexington County that are locationally and physically similar to the land rights that comprise the CWS network.

WREA first reviewed the I-20 Regional Sewer System and the types of development in the service district. The majority of the service district is comprised of residential neighborhoods that were

constructed between 1970 and 2010. Existing dwellings range in price from $85,000 to $530,000, depending upon the age, lot size, gross living area and quality of the dwellings. A summary of recent sales of improved properties in the CWS service area is included on the following pages.

In order to determine the value of the CWS land and property rights, I identified sales of undeveloped lots and acreage throughout Lexington County. I focused on residential neighborhoods that are similar to those in the service district. I analyzed the lot sizes, density of development, available utilities, deed restrictions, protective covenants and price range of existing homes. I selected 28 sales that occurred between April of 2015 and October 2017. I also included two properties that were listed for sale in the Autumn Oaks neighborhood. The land sales that are relevant to this analysis are summarized on the following chart.

LAND SALE SUMMARY
LEXINGTON COUNTY

Development	Location	TMS	Grantor	Grantee	Land Area Sq Ft	Land Area Acres	Density Per Acre	Utilities	Sale Date	Sale Price	Price PSF
Quail Creek	Lots 18-25 Chipmunk Ln	004535-01-022	Wenner	McGuinn Homes	4,792	0.11	9.09	W&S	8/30/17	$35,000	$7.30
Orchard Pointe	5 Lots Emerald Oak Dr	004412-01-008	Orchard Pointe	Synergy Homes	5,000	0.11	8.71	W&S	8/13/15	$35,000	$7.00
Windsor Courtyards	272 McGregor Cir	004376-01-004	Windsor Crossing	Wofford	5,837	0.134	7.46	W&S	10/13/15	$30,000	$5.14
Courtyds@Greenside	115 Greenside Dr	005315-02-004	Greenside LLC	Dickey	6,970	0.16	6.25	W&S	3/6/17	$22,500	$3.23
Hampton Park	324 Pantigo Ln	005309-01-069	Stasio	Collins	7,746	0.18	5.62	W&S	10/5/17	$24,900	$3.21
Caroline Springs	301 Misty Spring Ct	004202-01-023	Gonzales	Grable	7,918	0.18	5.50	W&S	3/9/17	$20,000	$2.53
Summerlake	542 Hopscotch Ln	004116-01-135	Beechwood Dev	Synergy Homes	8,102	0.186	5.38	W&S	5/21/15	$40,000	$4.94
Belmont Park	125 Derby Dr	004515-01-069	Southern Inv	C and C Builders	8,276	0.19	5.26	W&S	11/16/15	$23,000	$2.78
Belmont Park	121 Derby Dr	004515-01-068	Southern Inv	C and C Builders	10,890	0.25	4.00	W&S	6/16/15	$25,000	$2.30
Shoal Creek	101 Shoal Creek Dr	004416-01-001	Riner	Easter	10,890	0.25	4.00	W&S	7/21/17	$31,000	$2.85
Wilmont	108 Anadale Ln	004316-01-029	RKT Inv	Lake	15,246	0.35	2.86	W&S	4/16/15	$50,200	$3.29
	113 Fox St	004322-02-010	Harvey	Smith	16,553	0.38	2.63	W&S	10/20/16	$27,500	$1.66
	230 Robin Rd	004598-05-015	Meetze	Castillo & Cruz	18,855	0.43	2.31	W&S	3/14/17	$22,000	$1.17
	132 O'Bannon Way	004596-07-009	Martin	Boles	21,475	0.49	2.03	None	10/23/15	$18,000	$0.84
Mariners Creek	183 Mariners Creek Dr	004201-01-089	Porter	Brown	24,535	0.56	1.78	W&S	9/28/15	$48,500	$1.98
Carrington Place	117 Old Carrington Pky	004414-01-005	Essex Homes	Barber	29,574	0.68	1.47	W&S	4/30/15	$75,000	$2.54
Autumn Oaks	104 Kenzi Ct	004434-01-024	H&C Dev		33,106	0.76	1.32	W&S	Current	$50,000	$1.51
Autumn Oaks	145 Autumn Oaks Ln	004434-01-012	Eagerton		35,650	0.82	1.22	W&S	Current	$52,000	$1.46
	783 Cromer Rd	004497-04-028	JLN Construction	Duong	41,382	0.95	1.05	None	3/8/17	$27,500	$0.66
Rocky Meadow	341 Rocky Meadow Dr	004005-01-053	Stokes	Crawford	41,382	0.95	1.05	W&S	7/15/17	$55,000	$1.33
	2863 Dogwood Tr	004496-02-092	Corley	Kirkland	43,124	0.99	1.01	None	4/27/16	$40,000	$0.93
	Por A&B Dogwood Tr	004496-02-138	Munnerlyn	Richardson	43,560	1.00	1.00	None	10/2/15	$55,000	$1.26
	Parcel A-2 Giaben Dr	004496-05-042	Corley York Trust	Nelson	47,045	1.08	0.93	None	5/10/17	$50,000	$1.06
	Lot A Swanhaven Dr	004498-03-087	Grogan	Johnson	53,579	1.23	0.81	W&S	4/13/17	$48,000	$0.90
Big Timber	204 Big Timber Dr	004497-04-049	Bruce	Bachman	61,855	1.42	0.70	None	12/22/16	$75,593	$1.22
Big Timber	226 Big Timber Dr	004497-04-038	Bruce	Areheart	80,839	1.86	0.54	None	9/22/17	$73,000	$0.90
Mineral Springs Terrace	231 Powell Dr	004423-01-038	Pantaleon	New Start Homes	87,120	2.00	0.50	None	4/3/17	$90,000	$1.03
	3061 Mineral Springs Rd	004499-01-048	Sox	Hill Homes LLC	156,380	3.59	0.28	None	10/27/17	$90,000	$0.58
	Baskin Hills Rd	004498-01-005	Saville	Sanderson	167,706	3.85	0.26	None	6/22/16	$26,250	$0.16
	2727 Dogwood Tr	004496-02-024	Corley	Wilson	272,686	6.26	0.16	None	1/6/16	$187,800	$0.69

A major influence on land value is the allowable development density, or dwellings per acre. Higher density developments have smaller lots and reflect the highest unit values, or price per square foot of land. The chart clearly shows that the more intense the allowed use, the higher the unit value of the land. However, the higher density developments also have water and sewer and are not dependent upon septic systems or individual wells. The sales that consist of one or more acres do not have water and sewer with one exception. These reflect the lowest unit values.

The density of development in the service district ranges from .8 dwellings to 14.7 dwellings per acre. The lowest density is in the Autumn Oaks and Timbergate neighborhoods where lots generally are between .75 and 1.0 acre. As a result, the houses tend to be larger and more expensive. However, on a unit basis, the land values tend to be lower because of the economies of scale.

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
1	Timbergate	315 Timbergate Ct	Shirley	Wagner	32,412	1.3	1,823	1986	3/2.5	8/8/17	$235,000	$128.91
2	Autumn Oaks	105 Kenzi Court	Crout	Flynn	47,480	0.9	5,074	2003	4/4.5	8/18/15	$530,000	$104.45
2	Autumn Oaks	114 Autumn Oaks Ln	Boone	Roberts	35,111	1.2	2,548	2004	5/4	10/13/15	$402,000	$157.77
2	Autumn Oaks	148 Autimn Oaks Ln	Eagerton	Syrratt	57,064	0.8	2,859	2005	4/3.5	7/21/17	$429,900	$150.37
3	Mineral Creek	3325 Hill Springs Dr	Randall	Stewart	10,704	4.1	1,889	1976	3/2	1/27/15	$105,900	$56.06
4	Spring Hill	3413 Sweet Springs Dr	Flowers	Ringley	11,610	3.8	1,189	1973	3/2	10/6/16	$100,000	$84.10
4	Spring Hill	3420 Sweet Springs Dr	Bradshaw	Phillips	10,400	4.2	1,316	1973	3/2	4/6/17	$113,000	$85.87
4	Spring Hill	116 Mineral Water Dr	Richardson	Allen	10,400	4.2	1,380	1973	3/2	9/26/17	$123,789	$89.70
4	Spring Hill	120 Mineral Waters Dr	Warren	Middleton	10,400	4.2	1,808	1973	3/2	6/23/17	$120,000	$66.37
4	Spring Hill	129 Mineral Water Dr	Clonts	Ellisor	10,400	4.2	1,316	1973	3/2	9/27/17	$88,000	$66.87
4	Spring Hill	3405 Mineral Springs Rd	Evans	Dawson	10,370	4.2	1,372	1972	3/2	8/17/16	$115,475	$84.17
5	Oakcrest	308 Thyme Dr	Byrnes	Lagunes	9,600	4.5	1,064	1974	3/2	5/31/16	$85,000	$79.89
5	Oakcrest	512 Thyme Dr	Brumfield	Downey	9,291	4.7	992	1974	3/2	9/29/16	$89,500	$90.22
5	Oakcrest	101 Nutmeg Rd	Learn	Martin	10,410	4.2	1,107	1974	3/2	5/5/16	$93,000	$84.01
5	Oakcrest	104 Nutmeg Rd	Crim	Wilson	11,700	3.7	1,248	1974	3/2	2/19/16	$89,900	$72.04
5	Oakcrest	201 Nutmeg Rd	Crawford	Bailey	10,329	4.2	1,170	1976	3/1.5	8/23/17	$85,000	$72.65
5	Oakcrest	204 Cinnamon Ln	Williams	Kinder	8,877	4.9	1,244	1974	3/1.5	6/30/16	$102,000	$81.99
5	Oakcrest	221 Cinnamon Ln	Brewer	West	17,467	2.5	1,236	1974	4/3	10/26/16	$108,000	$87.38
6	Meadow Wood	113 Meadow Wood Dr	Temple	Mills	11,424	3.8	1,026	1982	3/1.5	5/1/15	$86,500	$84.31
6	Meadow Wood	158 Meadow Wood Dr	Hinz	Williams	12,794	3.4	1,127	1984	3/2	6/10/16	$89,900	$79.77
6	Meadow Wood	165 Meadow Wood Dr	Crouch	Ohlsson	14,271	3.1	1,225	1985	3/2	6/1/15	$94,000	$76.73
7	Maple Grove	115 Maple Leaf Way	Jordan	Ranker	7,757	5.6	1,540	2003	4/2.5	11/1/16	$170,000	$110.39
7	Maple Grove	124 Maple Leaf Way	Kelley	Pennyway	13,164	3.3	2,186	2003	3/2.5	6/29/16	$167,900	$76.81
7	Maple Grove	127 Maple Leaf Way	Foster	Sochor	7,144	6.1	1,873	2003	3/2.5	5/27/16	$161,500	$86.23
7	Maple Grove	**131 Maple Leaf Way**	Wagner	Ogburn	7,757	5.6	1,500	2003	4/2.5	8/3/17	$158,500	$105.67
7	Maple Grove	147 Maple Leaf Way	Abraham	Whitlow	8,549	5.1	1,940	2003	3/2.5	8/21/17	$180,000	$92.78
7	Maple Grove	105 Loskin Ln	Temple	Aye	7,843	5.6	1,540	2003	3/2	9/22/17	$185,000	$120.13
7	Maple Grove	133 Loskin Ln	Hamer	Ransom	9,023	4.8	1,530	2004	3/2	4/7/16	$140,000	$91.50
7	Maple Grove	205 Loskin Ln	Lee	Barton	8,738	5.0	1,530	2004	4/2	8/25/17	$162,000	$105.88
7	Maple Grove	216 Loskin Ln	Kirchman	Hall	13,628	3.2	1,540	2004	3/2	9/22/17	$179,000	$116.23
7	Maple Grove	245 Loskin Ln	Cassidy	Myers	8,497	5.1	1,738	2004	4/2.5	6/12/17	$168,000	$96.66
7	Maple Grove	100 Hobden Ct	Hammond	Gamboa	8,985	4.8	1,530	2002	3/2	9/20/16	$163,500	$106.86
7	Maple Grove	108 Hobden Ct	Singh	Delaney	11,001	4.0	2,122	2002	3/2.5	4/27/17	$160,000	$75.40
7	Maple Grove	109 Hobden Ct	Calvin	Durbin	9,956	4.4	1,530	2002	3/2	1/17/17	$155,000	$101.31
7	Maple Grove	140 Hobden Ct	Moseley	Nicholson	8,783	5.0	1,552	2003	3/2	7/7/17	$146,000	$94.07

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
8	Courtside Commons	102 Volley Ct	Prachar	Hagan	3,802	11.5	1,144	2008	2/2	5/19/17	$123,000	$107.52
8	Courtside Commons	141 Volley Ct	Dunmyer	Daulton	4,191	10.4	1,144	2008	2/2	3/8/17	$120,000	$104.90
8	Courtside Commons	155 Courtside Dr	McMicken	McGinnis	2,970	14.7	1,144	2007	2/2	11/7/16	$115,500	$100.96
8	Courtside Commons	166 Courtside Dr	Haskins	Gainey	2,961	14.7	1,144	2007	2/2	7/21/16	$123,000	$107.52
8	Courtside Commons	202 Courtside Dr	DePrater	Jeffcoat	2,983	14.6	1,144	2008	2/2	7/27/17	$123,900	$108.30
8	Courtside Commons	214 Clourtside Dr	Parker	Bradley	3,130	13.9	1,144	2009	3/2	10/25/17	$126,000	$110.14
8	Courtside Commons	218 Courtside Dr	Taylor	Bonham	3,684	11.8	1,040	2009	2/2	10/18/17	$115,500	$111.06
8	Courtside Commons	267 Courtside Dr	Whitecotton	Thompson	4,225	10.3	1,409	2010	2/2.5	6/27/17	$125,000	$88.72
9	Brighton North	125 Mansfield Cir	Senn	Smith	7,683	5.7	1,718	1988	3/2.5	5/25/17	$135,000	$78.58
9	Brighton North	142 Mansfield Cir	Clark	Erskine	8,072	5.4	2,121	1988	4/3	12/16/16	$142,000	$66.95
9	Brighton North	301 Mansfield Cir	35K LLC	Johnson	7,198	6.1	1,692	1989	3/2.5	9/25/17	$146,500	$86.58
9	Brighton North	345 Mansfield Cir	Johnson	Singleton	7,702	5.7	1,798	1987	4/2	4/27/17	$145,000	$80.65
9	Brighton South	193 Ashton Cir	Howard	Lowery	8,680	5.0	1,373	1987	3/2	8/23/16	$119,900	$87.33
9	Brighton South	204 Ashton Cir	Douglas	Ervin	12,397	3.5	1,386	1986	3/2	8/26/16	$115,000	$82.97
9	Brighton South	220 Ashton Cir	Miles	Macklen	8,615	5.1	1,279	1986	3/2	5/30/17	$112,000	$87.57
9	Brighton South	265 Ashton Cir	Richie	Stapleton	9,217	4.7	1,516	1986	3/2.5	2/25/16	$118,000	$77.84
11	Grayland Forest	101 Cedar Vale Dr	ballew	Stevens	14,257	3.1	1,504	1979	3/2	11/30/17	$121,300	$80.65
11	Grayland Forest	341 Cedar Vale Dr	Stewart	Fallaw	10,987	4.0	1,651	1979	3/2	5/31/17	$120,500	$72.99
11	Grayland Forest	146 Shady Oak Dr	Herin	Manaa	16,988	2.6	1,488	1980	3/2	2/24/17	$100,000	$67.20
11	Grayland Forest	425 Shag Bark Tr	Grainger	Butler	11,423	3.8	1,778	1973	3/2	3/31/16	$147,500	$82.96
11	Grayland Forest	409 Shag Bark Tr	Young	Nobs	15,986	2.7	1,450	1974	3/2	8/24/16	$99,000	$68.28
11	Grayland Forest	300 Duchess Tr	Schreiber	Thorp	13,295	3.3	1,652	1974	3/2	5/12/17	$112,500	$68.10
11	Grayland Forest	327 Duchess Tr	Lybrand	McMurphy	13,016	3.3	1,601	1973	3/2	6/27/17	$138,500	$86.51
11	Grayland Forest	117 Sparrow Point Rd	Sunbelt Inv	Wilund	8,650	5.0	1,272	1989	3/2	10/19/16	$120,400	$94.65
11	Grayland Forest	165 Sparrow Point Rd	Austen	Cooper	9,562	4.6	1,347	1988	3/2	3/30/16	$114,900	$85.30
12	Woodcastle	217 Farringdon Ct	Barker	Hooker	15,324	2.8	1,000	1980	2/1	12/15/15	$109,000	$109.00
12	Woodcastle	209 Thackeray Ln	Sorrell	Feda	11,050	3.9	1,177	1980	3/2	10/13/16	$86,000	$73.07
12	Woodcastle	208 Thackeray Ln	Griffin	Mueller	10,400	4.2	1,289	1974	3/2	7/26/17	$102,000	$79.13
12	Woodcastle	109 Landford Ct	Gossett	Yates	13,415	3.2	1,336	1975	3/2	4/20/15	$112,000	$83.83
12	Woodcastle	237 Dresden Ct	Carnal	Cochranes	14,662	3.0	1,656	1980	3/2	7/25/15	$122,500	$73.97

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
13	Woodberry Forest	126 Mossborough Dr	Moye	Ayubert	15,888	2.7	1,450	1996	3/2	9/22/17	$190,000	$131.03
13	Woodberry Forest	134 Mossborough Dr	Manning	Pelletier	13,283	3.3	1,658	1995	3/2	5/30/17	$190,000	$114.60
13	Woodberry Forest	133 Mossborough Dr	Brazell	Martin	16,531	2.6	1,490	1996	3/2	5/12/17	$192,000	$128.86
13	Woodberry Forest	612 Delshire Ln	Hile	Davis	11,827	3.7	1,384	1996	3/2	12/1/17	$147,000	$106.21
13	Woodberry Forest	352 Rudwick Dr	Koen	Grubbs	10,411	4.2	1,345	1997	3/2	8/26/16	$150,000	$111.52
13	Woodberry Forest	324 Rudwick Dr	Bailey	Bates	8,124	5.4	1,369	1995	3/2	6/1/17	$146,500	$107.01
13	Woodberry Forest	351 Rudwick Dr	Walker	Leduc	10,786	4.0	1,450	1998	3/2	9/7/16	$136,000	$93.79
16	Golden Pond	108 Golden Pond Dr	Hodge	Berry	9,092	4.8	1,880	1991	4/2.5	5/16/17	$139,900	$74.41
16	Golden Pond	113 Golden Pond Rd	Lutz	Turner	9,100	4.8	1,503	1991	3/2	8/30/16	$140,000	$93.15
16	Golden Pond	135 Golden Pond Rd	Sharpe	Hinshaw	9,243	4.7	1,400	1990	3/2	9/30/16	$140,000	$100.00
16	Golden Pond	153 Golden Pond Rd	Hammons	Kleber	9,100	4.8	1,346	1990	3/2	5/15/17	$132,000	$98.07
16	Golden Pond	212 Golden Pond Dr	Paul	Kendall	10,681	4.1	1,362	1990	3/2	4/13/16	$142,000	$104.26
16	Golden Pond	125 Heartwood Dr	Jeter	Jungclaus	12,954	3.4	1,492	1994	3/2	10/12/17	$150,000	$100.54
16	Golden Pond	372 Heartwood Dr	Tavelle	McKeever	9,150	4.8	1,198	1996	3/2	9/21/17	$137,500	$114.77
16	Golden Pond	384 Heartwood Dr	Boiteau	Perret	9,162	4.8	1,432	1995	3/2	6/21/17	$148,000	$103.35
16	Golden Pond	322 Broadleaf Dr	Sullivan	Watson	9,100	4.8	1,500	1993	3/2	9/29/17	$157,500	$105.00
16	Golden Pond	318 Broadleaf Dr	Lentz	Reed	10,287	4.2	1,407	1993	3/2	10/27/16	$156,000	$110.87
16	Golden Pond	104 Red Maple Ct	Sulser	Ashley	9,805	4.4	1,406	1991	3/2	9/28/17	$139,000	$98.86
17	Woodsen	3130 Woodsen Cir	Price	McGrady	14,682	3.0	1,567	1970	3/2	7/28/16	$125,400	$80.03
17	Woodsen	3205 Woodsen Cir	Harman	Bundrick	12,303	3.5	1,220	1970	3/2	6/15/16	$114,000	$93.44
17	Woodsen	3244 Woodsen Cir	Forde	Nocer	16,517	2.6	1,236	1970	3/2	1/27/17	$112,000	$90.61
18	Sandy Pines	210 Mineral Springs Cir	Edwards	Muszynski	12,331	3.5	1,460	1984	3/2	11/28/16	$128,500	$88.01
19	Planters Station	204 Chisolm Cir	Lycett-Fuchs	Aguilar	4,048	10.8	1,309	1994	3/2	5/4/17	$126,000	$96.26
19	Planters Station	208 Chisolm Cir	Jacobs	Smerdell	3,805	11.4	1,317	1992	3/2	10/20/16	$119,500	$90.74
19	Planters Station	308 Chisolm Ct	Sullivan	Mazzell	8,646	5.0	1,448	1998	3/2.5	10/17/16	$126,500	$87.36
19	Planters Station	228 Wallace Cir	Ajlani	Myeras	3,926	11.1	1,359	1990	4/2.5	6/12/17	$126,000	$92.72
19	Planters Station	101 Wallace Cir	Taylor	Drafts	3,986	10.9	1,359	1990	4/2.5	6/29/16	$126,500	$93.08
20	Laurel Meadows	105 Laurel Meadows Dr	Madison	Artlip	12,177	3.6	1,534	1973	3/2	7/31/17	$135,000	$88.01
20	Laurel Meadows	115 Laurel Meadows Dr	Fitzgerald	Guida	11,913	3.7	1,710	1972	3/2	4/27/16	$134,900	$78.89
20	Laurel Meadows	118 Laurel Meadows Dr	Pritchett	Monzi	16,545	2.6	1,646	1972	3/2	5/26/17	$136,900	$83.17
20	Laurel Meadows	209 Laurel Meadows Dr	Beaulieu	Cabral	12,166	3.6	2,194	1974	3/2	10/28/16	$157,000	$71.56
20	Laurel Meadows	111 Northview Rd	Atkerson	Morrison	12,419	3.5	1,986	1986	4/3	1/27/17	$163,500	$82.33
20	Laurel Meadows	119 Springfield Dr	Delos	Cameron	11,907	3.7	1,750	1972	4/2	8/14/17	$164,900	$94.23
21	Pear Court	125 Pear Court	Chen	Davis	11,449	3.8	1,123	1999	3/2	5/31/17	$115,000	$102.40

CWS SERVICE AREA - IMPROVED SALES

No	Development	Location	Grantor	Grantee	Land Area Sq Ft	Lots Per Acre	GLA	Age	Bedrooms Baths	Sale Date	Sale Price	Price PSF
23	Spring Lake	134 May Morning Dr	Flanagan	Scott	14,433	3.0	1,883	1977	3/2	6/22/17	$142,000	$75.41
23	Spring Lake	129 Snow Ln	Dolinger	Flannery	12,501	3.5	1,604	1979	3/2	3/9/16	$133,750	$83.39
23	Spring Lake	101 Snow Ln	Catalano	Romanyszyn	27,546	1.6	1,702	1985	3/2	5/26/16	$140,000	$82.26
24	Dutchwood	124 Compass Ln	Erb	Brown	18,694	2.3	1,940	1983	3/2	6/9/17	$122,000	$62.89
25	Mineral Creek II	1032 Mineral Creek Ct	Ching	Schrag	20,108	2.2	1,660	2004	3/2	7/24/15	$172,500	$103.92
25	Mineral Creek II	1013 Mineral Creek Court	Parker	Templeton	24,563	1.8	1,720	2002	4/2.5	5/20/15	$182,000	$105.81
25	Mineral Creek II	1049 Mineral Creek Ct	Young	Johnson	11,930	3.7	1,382	2001	3/2	6/30/16	$155,000	$112.16
25	Mineral Creek II	106 Mercator Ct	Clary	Dieckmann	17,302	2.5	1,472	1979	3/2	12/8/17	$110,000	$74.73
28	Vanarsdale	104 Lander Dr	Maddison	Tiedman	8,343	5.2	1,427	1972	3/1.5	1/11/17	$110,000	$77.08

Conversely, the Courtside Commons neighborhood reflects development densities of 10.3 to 14.7 dwellings per acre. Developers are willing to pay premium prices for high density because of the revenue generating potential. The higher the density, the more dwellings a developer can build and sell. This results in a more profitable investment.

Based on our analysis, we have concluded that land values in the CWS service district are as follows:

ANALYSIS OF SALES

Development	Location	Land Area Sq Ft	Land Area Acres	Lots Per Acre	Utilities	Sale Date	Sale Price	Price PSF	Improved Values	Conclusions
Quail Creek	Lots 18-25 Chipmunk Ln	4,792	0.11	9.1	W&S	8/30/17	$35,000	$7.30	$200,000	8-9 lots per acre
Orchard Pointe	5 Lots Emerald Oak Dr	5,000	0.11	8.7	W&S	8/13/15	$35,000	$7.00	$250,000	$6.00 - $7.00 psf
Windsor Courtyards	272 McGregor Cir	5,837	0.134	7.5	W&S	10/13/15	$30,000	$5.14	$250,000	7 lots per acre $4.00 - $5.00 psf
Courtyds@Greenside	115 Greenside Dr	6,970	0.16	6.3	W&S	3/6/17	$22,500	$3.23	$180,000	5-6 lots per acre
Hampton Park	324 Pantigo Ln	7,746	0.18	5.6	W&S	10/5/17	$24,900	$3.21	$225,000	$3.00 - $4.00 psf
Caroline Springs	301 Misty Spring Ct	7,918	0.18	5.5	W&S	3/9/17	$20,000	$2.53	$160,000	
Summerlake	542 Hopscotch Ln	8,102	0.186	5.4	W&S	5/21/15	$40,000	$4.94	$200,000	
Belmont Park	125 Derby Dr	8,276	0.19	5.3	W&S	11/16/15	$23,000	$2.78	$150,000	
Belmont Park	121 Derby Dr	10,890	0.25	4.0	W&S	6/16/15	$25,000	$2.30	$150,000	3-4 lots per acre
Shoal Creek	101 Shoal Creek Dr	10,890	0.25	4.0	W&S	7/21/17	$31,000	$2.85	$200,000	$2.50 - $3.00 psf
Wilmont	108 Anadale Ln	15,246	0.35	2.9	W&S	4/16/15	$50,200	$3.29	$300,000	
	113 Fox St	16,553	0.38	2.6	W&S	10/20/16	$27,500	$1.66	$150,000	1.5- 2.5 lots per acre
	230 Robin Rd	18,855	0.43	2.3	W&S	3/14/17	$22,000	$1.17	$80,000	$2.00 - $2.25 psf
Mariners Creek	183 Mariners Creek Dr	24,535	0.56	1.8	W&S	9/28/15	$48,500	$1.98	$250,000	
Carrington Place	117 Old Carrington Pky	29,574	0.68	1.5	W&S	4/30/15	$75,000	$2.54	$350,000	
Autumn Oaks	104 Kenzi Ct	33,106	0.76	1.3	W&S	Current	$50,000	$1.51	$450,000	1 +/- lots per acre
	145 Autumn Oaks Ln	35,650	0.82	1.22	W&S	Current	$52,000	$1.46	$450,000	$1.50 psf
Rocky Meadow	341 Rocky Meadow Dr	41,382	0.95	1.1	W&S	7/15/17	$55,000	$1.33	$350,000	
	Por A&B Dogwood Tr	43,560	1.00	1.0		10/2/15	$55,000	$1.26	$250,000	
	Parcel A-2 Giaben Dr	47,045	1.08	0.9		5/10/17	$50,000	$1.06	$150,000	

The CWS utility network traverses land that is either owned in fee or occupied by easement. A fee interest is defined as:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."[6]

An easement is a partial interest in real property and is defined as:

> "An interest in real property that conveys use, but not ownership, of a portion of an owner's property.[7]

[6] Ibid. pg. 140
[7] Ibid. pg. 110

CWS owned the pump stations, aerated equalization ponds and former water tank parcel in fee. This means that CWS owned and controlled 100% of the surface, subsurface and air rights of each parcel. These parcels are calculated at 100% of market value. Based on our analysis, we concluded that the "Across the Fence" value for the parcels that were owned in fee by CWS was $1,531,103. This is summarized on the following chart. It is important to note that this reflects the value of individual, disconnected parcels and ignores the enhanced value of the assembled utility network.

CAROLINA WATER SERVICE, INC.
1-20 REGIONAL SEWER SYSTEM REAL PROPERTY ASSETS
LEXINGTON COUNTY, SOUTH CAROLINA

Identification	Property Rights	TMS	Land Area Acres	Land Area Sq Ft	Value PSF	Percentage Ownership	Total Value
I-20 Regional WWTP Oxidation Pond	Fee	004521-01-019	9.65	420,354	$2.00	100%	$840,708
I-20 Regional WWTP effluent pump station	Fee	004521-01-019					
Spring Hill aerated equalization pond	Fee	004417-02-038	2.82	122,839	$2.50	100%	$307,098
Spring Hill pump station	Fee	004417-02-038					
Woodsen aerated equalization pond	Fee	004522-01-020	1.90	82,764	$2.50	100%	$206,910
Woodsen pump station	Fee	004522-01-020					
1-20 Regional WWTP dechlorination facility	Fee	Unknown					
Autumn Oaks Pump Station	Fee	004434-01-027	0.021	900	$1.50	100%	$1,350
Cunningham Park pump station	Fee	004420-05-025	0.10	4,568	$3.00	100%	$13,704
Grayland Forest pump station	Fee	004517-07-007	0.20	8,650	$2.50	100%	$21,625
Sparrow Pointe pump station	Fee	004546-01-028	0.03	1,270	$2.50	100%	$3,175
Woodcastle No. 1 pump station	Fee	004525-04-011	0.35	15,249	$2.50	100%	$38,123
Woodcastle No. 2 pump station	Fee	No TMS	0.13	5,763	$2.50	100%	$14,408
Savannah Pointe pump station	Fee	004540-01-033	0.03	1,133	$2.50	100%	$2,833
Spring Lake pump station	Fee	004424-04-021	0.55	23,818	$2.50	100%	$59,545
Water Tank Site	Fee	004517-07-008	0.20	8,650	$2.50	100%	$21,625
Total Fee Ownership			**15.98**	**695,958**		**100%**	**$1,531,103**

The property rights identified as permanent easements are partial, or dominant, interests over servient land parcels that grant CWS the right to construct, maintain, repair and use underground sanitary sewer pipelines as well above ground structures including the pump stations and other improvements. CWS also controls access easements that connect the facilities to public roadways. These rights limit the grantor's ability to use the remainder of the fee and, in fact, preclude any development of the encumbered area.

We have analyzed and been involved in the negotiation of numerous utility agreements where the effect of the surface and subsurface encumbrances varied depending upon the nature of the use. In this case, the CWS easements require occupancy, use, periodic access and prohibit development. Thus, they place a burden on the remaining fee property. This burden is greater than a totally elevated right, such as an overhang of improvements from one property to another. In such an instance, there would be no need to disturb or restrict the use of the grantor's surface property. The CWS sanitary sewer lines impact the surface and subsurface areas. Therefore, an 80 percent diminution in value is considered appropriate.

As discussed previously, CWS owns permanent easements for six pump stations and access rights of way. Based on our conclusions of land value for the service area, we have calculated the value of these facilities as follows:

Permanent Easements and Rights of Way	Property Rights	TMS	Land Area Acres	Land Area Sq Ft	Value PSF	Percentage Ownership	Total Value
Autumn Oaks Pump Station and ROW	Easement	004434-01-027	0.044	1,933	$1.50	80%	$2,320
Hidden Valley pump station	Easement	004598-02-001					
Golden Pond pump station	Easement	004598-02-039	0.077	3,354	$3.00	80%	$8,050
Mineral Springs Mobile Home Park pump station	Easement	004596-04-010					
Pear Court pump station	Easement	004558-01-017	0.01	506	$3.00	80%	$1,214
Planters Station pump station - Common area	Easement	004545-01-006					
Total Easement Value			**0.13**	**5,793**		**80%**	**$11,584**

The total "At the Fence" value for the land and property rights in the I-20 Regional Sewer System system is as follows:

Land Owned in Fee	$1,531,103
Pump Station and Right of Way Easements	$ 11,584
Total "At the Fence" Value	$1,542,687
Rounded	**$1,540,000**

Plottage Value

The "Across the Fence" valuation methodology reflects the value of individual, unassembled tracts of land without unity of control or ownership. It does not account for the additional value of the assembled sewer system or network. As discussed, the I-20 Regional Sewer System serves about 2,200 customers in Lexington County. The system consists of pump stations, aerated equalization ponds, a dechlorination facility, outfalls and specialized equipment that is connected by pipeline easements that traverse the entire service area.

There is demand for existing sanitary sewer systems because of the difficulty, costs and risks associated with acquiring land rights, obtaining permits and constructing a new system. This is demonstrated by recent acquisitions of sanitary sewer systems in states including New Jersey and Pennsylvania. Development of new infrastructure requires substantial upfront costs for project planning and design, financial and feasibility analyses, environmental studies, engineering and obtaining all necessary permits from local, state and federal agencies.

In addition, the utility or developing agency must acquire property rights along the path of the project from thousands of individual owners and pay the cost of the legal and engineering work necessary for property conveyance. Acquisition of the property rights is not only time consuming, but can add substantial cost when negotiating with unwilling sellers. As a result, it is more cost effective for users of utility networks to acquire assembled property rights and existing infrastructure. Discussions with principals to these transactions indicate that the price paid is based on "At the Fence" value plus a premium, or plottage value, for the assembled network.

The CWS land rights in Lexington County are part of an assembled, fully operational network. If the assets were sold to another utility company or to an investor in utility assets, the price would be calculated on the "At the Fence" value plus a premium for the assembled network. Thus, the next step in the analysis is to determine an appropriate plottage, or enhancement, factor for the CWS land and property rights.

We analyzed sales of assembled utility and communication networks throughout the United States that were acquired for continued use. We also studied sales of transportation corridors that were acquired for continued railroad use as well as for trails for recreational purposes. We spoke with principals involved in the transactions in order to verify the "Across the Fence" value as well as the actual sale price of the assets. In most cases, the "Across the Fence" value was obtained from an appraisal of the property prior to the sale. The difference between the actual sale price and the "Across the Fence" value is attributable to the plottage value of the assembled corridor.

The transactions we reviewed were located in diverse geographic regions from California on the west coast to Maine and Florida on the east coast. They involved utility transmission and distribution assets, communication networks and transportation corridors in urban, suburban and rural locations. We compared the actual sale price of each transaction attributable to the land rights to the "At the Fence" value. This analysis indicated plottage factors ranging from 1.0 to 4.6. If the factor is 1.0, no plottage value exists because the sale price is equal to the "At the Fence" value. However, if the plottage factor is more than 1.0, the assembled corridor is worth more than the "At the Fence" value. In other words, the whole is worth more than the sum of the parts.

Generally, the factors at the lowest end of the range reflect abandoned railroad corridors that were acquired by municipalities or non-profit organizations for recreational purposes. Utility networks and transportation corridors in suburban or rural locations that were acquired for continued use generally reflect plottage factors between 1.5 and 2.5 depending on the demand and intensity of use.

Conversely, utility and communication networks in densely developed urban areas like San Francisco California, Washington D.C., Baltimore Maryland, Houston Texas and Jacksonville Florida reflect the highest end of the range. This is primarily attributable to the barriers to entry, land cost and level of investment required to develop a new communication or utility transmission and distribution network.

The I-20 Regional Sewer System that is the subject of this analysis is in Lexington County, South Carolina. While the barriers to entry are not insurmountable, it would take a great deal of time, professional expertise and upfront investment to recreate the system. Thus, a plottage factor of 1.5 is reasonable to reflect the premium value of the CWS land and property rights.

Applying the plottage factor of 1.5 to the "Across the Fence" value of the land and property rights reflects a total value as follows:

ATF Value for the CWS Ownership	$1,540,000
Plottage Factor	1.5
Total Value (ATF X Plottage Factor)	**$2,310,000**

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limited conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- my analyses, opinions, and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
- I have made a personal inspection of the property that is the subject of this report.

Deborah B. Haskell, CRE, FRICS, MAI

ADDENDA

STANDARD CONDITIONS

This Report is subject to the following assumptions and limiting conditions:

No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

The information contained in the Report or upon which the Report is based has been gathered from sources deemed to be reliable and accurate. Neither Deborah Haskell or Winthrop Real Estate Advisors ("Winthrop") shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.

The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions.

The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Winthrop is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales or promotional or offering or SEC material without Winthrop's prior written consent.

Any authorized user of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Winthrop in writing to use or rely thereon, hereby agrees to indemnify and hold Winthrop, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person or entity.

The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the Report is based.

QUALIFICATIONS OF DEBORAH B. HASKELL

WINTHROP
REAL ESTATE ADVISORS

CURRICULUM VITAE

Deborah B. Haskell, CRE, FRICS, MAI
Managing Partner
Real Estate Advisory Services
Forensic Litigation Consulting

Professional History

Winthrop Real Estate Advisors, LLP
Founding Member
Boston, Massachusetts
Columbia, South Carolina
617.366.7588
dhaskell@winthroprea.com

Cushman & Wakefield of North Carolina, Inc.
Managing Director, Dispute Analysis and Litigation Support
Charlotte, North Carolina

FTI Consulting, Inc.
Managing Director, Real Estate Advisory, Litigation
and Bankruptcy Practice
Washington D.C.

Experience

Deborah Haskell has more than 25 years of real estate experience in domestic and international markets. She advises public and private companies, law firms, lenders, hedge funds and secured and unsecured creditors on complex real estate issues. Specific areas of professional expertise include damage analysis for litigation, expert testimony, litigation consulting, the valuation of loan and REIT portfolios, strategic planning for the acquisition and disposition of major real estate assets, the marketability and feasibility of large scale development and the allocation of purchase price resulting from corporate acquisitions and mergers. Ms. Haskell also performs fair value analyses for loan portfolios in accordance with generally accepted accounting standards.

Ms. Haskell has advised clients on a variety of matters for the following property types: investment grade office complexes; regional shopping malls and power centers; corporate headquarters, distribution and manufacturing facilities for Fortune 500 companies; sports and entertainment complexes; hospitals, nursing homes and related health care facilities; medical and bio-technical research and laboratory complexes; transportation and utility corridors; power generation and distribution facilities; condominium and multifamily complexes; full service hotel and resort properties.

Ms. Haskell also provides expert testimony and damages analyses for private and public clients in federal and state courts on various matters including legal and professional malpractice, bankruptcy, lender liability, partnership disputes, breach of contract, ad valorem taxation, construction defects, environmental contamination, eminent domain and class action litigation. She serves as an arbitrator and mediator for the American Arbitration Association (AAA) and FINRA, formerly the National Association of Securities Dealers (NASD), and has provided expert testimony at public hearings for corporations, developers and legal counsel.

Ms. Haskell has been a guest speaker at national and international forums and has spoken on topics ranging from the valuation, mitigation and negotiation issues related to construction of the Central Artery/Third Harbor Tunnel Project in Boston and the Tren Urbano Project in San Juan, Puerto Rico to the risks and opportunities of real estate portfolios held by lending institutions, major corporations and private equity funds.

Ms. Haskell holds a Bachelor of Arts degree with a concentration in Economics from the University of California at Berkeley. She is a member of the Counselors of Real Estate (CRE) and is a Fellow of the Royal Institute of Chartered Surveyors (FRICS), a global real estate professional organization. She also maintains the MAI designation from the Appraisal Institute and is a member of the Urban Land Institute (ULI) and an associate member the American Bar Association.

Ms. Haskell served on the national Nominating Committee for the Counselors of Real Estate and was a member of the Executive Committee and Board of Directors for over twelve years. She has served as Chair for the national Business Issues Committee and the New England Chapter and has been vice chair for the Dispute Resolution Committee and the National Public Policy Committee. Ms. Haskell was on the Ethics and Counseling Committee for the Appraisal Institute and represented the New England Region on the national Member and Chapter Services Committee. Ms. Haskell served as Chair for the South Carolina Midlands District of the Urban Land Institute (ULI). She is also on the Board of Directors for the Advancement Board of Real Estate Development (ABRED) at Clemson University. Ms. Haskell is certified as a valuation professional in Massachusetts, Virginia, Georgia, South Carolina and North Carolina.

Presentations

Guest lecturer on the effective presentation of the income approach in complex litigation matters at the American Law Institute's 2014 annual conference in New Orleans, Louisiana

Guest lecturer on global and national capital markets at the Popp Hutcheson PLLP Property Tax Seminar in Austin, Texas in February 2013

Guest lecturer on complex valuation issues at the American Law Institute's 2013 annual conference in Miami, Florida

Guest Lecturer on Anticipating the New Normal at the Advancement Board of Real Estate Development (ABRED) Spring Meeting at Clemson University in South Carolina

Guest lecturer on economic cycles and real estate investment strategies for the Georgia Bar Association's 2011 Commercial Real Estate Conference in Atlanta, Georgia

Guest lecturer on rebuttal reports and expert testimony at the American Law Institute/American Bar Association's (ALI ABA) 2012 annual conference in San Diego, California

Guest lecturer on valuation and negotiation issues related to the Central Artery/Third Harbor Tunnel Project in Boston, Massachusetts at the National Real Estate Forum annual convention

Guest lecturer on litigation issues and expert testimony related to real estate at the annual convention of the Massachusetts Bar Association in Boston, Massachusetts

Guest lecturer on transmission corridor property rights and the class action law suits resulting from the installation of fiber optic cable by utility companies at the Edison Electric Institute (EEI) annual convention in Seattle, Washington

Guest lecturer on complex commercial litigation at the South Carolina Bar Association Eminent Domain Conference in Charleston, South Carolina

Taught courses on the valuation of partial interests in real property as well as eminent domain methodology to real estate professionals and attorneys in San Juan, Puerto Rico who were involved in the land acquisitions for construction of the Tren Urbano Project

Guest lecturer on eminent domain appraisal practice and theory at the Counselors of Real Estate National Convention in Seattle, Washington

Guest lecturer on valuation issues related to the Central Artery/Third Harbor Tunnel Project at the American Society of Appraisers National Convention in Boston

Representative Litigation Experience

- Retained by a law firm to provide expert testimony on the reasonableness of mortgages that were bundled into pools of assets and sold by a major subprime syndicator as well as opine on the adequacy of the due diligence performed based on generally accepted underwriting standards and practices.

- Retained by a development company to determine the damages and lost revenue sustained by a large student housing complex in metropolitan Washington D.C. that resulted from construction delays and defects

- Retained by a REIT as an expert witness to opine on the market value of a regional shopping center in metropolitan Washington D.C. for property tax appeal

- Retained by a development company to provide expert testimony regarding lost revenues that resulted from legal malpractice and delayed the sale of luxury condominiums until after the economic downturn in late 2008.

- Retained by a Fortune 500 corporation as an expert witness to determine the loss in value and associated damages to a large Canadian real estate portfolio resulting from a breach of contract by a U.S. REIT

- Retained by a major law firm as an expert witness to determine the damages sustained at a regional shopping center in the Northeast resulting from contamination by an adjacent gasoline service station

- Retained by a major development company in Metropolitan Washington D.C. to determine the damages sustained from a breach of contract that resulted in the failure of a mixed use complex comprised of a hotel, luxury condominiums and retail stores

- Retained by the Department of Justice and the Environmental Protection Agency to assess damages and assist in settlement negotiations with property owners during litigation resulting from environmental contamination caused by major Superfund sites in the eastern United States

- Retained as an expert witness to determine the damages sustained by property owners as a result of eminent acquisitions for construction of an intermodal facility in South Carolina to serve the Port of Charleston

- Retained by a major law firm to provide advisory services, damages analysis and expert witness testimony for litigation involving construction delays and breach of contract for a proposed luxury waterfront resort in the Northeast

- Retained by a law firm to provide advisory services, damages analysis and expert witness testimony for litigation involving legal malpractice that resulted in the inability to refinance or sell a major real estate asset for several years

- Retained by an international construction company as an expert witness to determine the loss in annual revenue and diminution in value sustained by a hospital in the southeastern United States as a result of construction defects

- Retained by a law firm as an expert witness to opine on the market value of one of the largest newspaper publishing facilities on the East Coast for property tax appeal

- Retained by a public utility as an expert witness for litigation resulting from a class-action suit relating to compensation for property rights acquired through trespass

- Retained by a Fortune 500 corporation to opine on the value of a headquarters facility that was affected by environmental contamination for property tax appeal

- Retained by a major utility company in the western United States to assist in litigation involving the proposed municipalization and eminent domain acquisition of two large transmission and distribution networks

- Retained by a major law firm as an expert witness to opine on the value of two nuclear power plants in the Midwest for property tax appeal

- Retained by a Class 1 railroad to provide expert testimony in litigation with the Internal Revenue Service related to donations of secondary rail corridors to the Rails to Trails program

- Retained as a rebuttal witness on a case involving eminent domain acquisitions of property for extension of the Metro rail system through Tyson's Corner, Virginia

- Retained by Bechtel/Parsons Brinckerhoff over a twelve year period to provide advisory services and expert witness testimony for the Central Artery Project. Worked with state and federal government agencies to negotiate settlements with public agencies, institutional users and private owners

- Retained as an expert witness to opine on the commercial reasonableness of the long term leases associated with several large portfolios acquired by REITS in conjunction with sale/leaseback transactions

Advisory Services for Bankruptcy, Restructuring, Portfolio Analysis, Strategic Planning

- Retained by one of largest banks in the U.S. to assess the value of the commercial real estate portfolio and develop strategies for disposition of Other Real Estate Owned (OREO) assets. Worked with commercial loan officers and the credit committee to price and negotiate the sale of pools of assets

- Retained by an international specialist bank to determine the value and appropriate disposition strategy for major distressed assets throughout the United States including shopping centers, hotels, resorts, condominium projects as well as commercial and residential acreage in various stages of the development process

- Retained by a global middle market lender to assist in analyzing the distressed loan portfolio and work with management to maintain asset value during the disposition process. Also identified investors and/or joint venture partners for specific assets and assisted in the due diligence process

- Retained by a consortium of lenders to value a large portfolio of office and industrial properties in Florida to determine the credit risk and collateral value of the assets

- Retained by the FDIC to analyze large portfolios of distressed real property assets throughout the northeastern United States for sale to investors

- Retained by Unsecured Creditors Committees to assess the short and long term prospects as well as underlying value of national homebuilder portfolios as well as to review purchase offers for individual and/or pools of assets

- Retained by stockholders of a publically traded company to assess the value of the real estate portfolio and review management reporting of fair value and impairments

- Retained by a major lending institution to assess the marketability, reuse potential and value of one of the largest biodiesel distillation facilities in the United States

- Retained to analyze the remainder interests in over 150 Tenant in Common (TIC) assets throughout the United States that were the subject to bankruptcy

Strategic and General Consulting Assignments

- Retained by a national corporation over a four-year period to determine the best strategy for disposition of major corporate campuses throughout New England

- Retained by a major development company to provide advisory services and strategic planning for a 4,000 acre parcel near the Port of Mobile and to create a marketing strategy to attract large international off-shore manufacturers and shipping companies from Asia and Europe

- Retained by the Commonwealth of Puerto Rico to develop valuation methodology and provide technical assistance during construction of the Tren Urbano Commuter Rail Project in San Juan
- Retained by the equity investors of the Ascutney Mountain Resort in Vermont, a full service ski resort, luxury hotel and golf course, to determine the feasibility of additional commercial and residential development

- Retained by the owners of the Mount Washington Hotel in New Hampshire, a full service resort complex comprised of three hotels and a golf course, to create a plan to reposition the historic hotel and determine the most viable development options for the excess land permitted for residential development

- Retained by Transit Realty Associates to provide advisory services related to the disposition of air rights for construction of Columbus Center, a 1,200,000 square foot mixed-use complex over the Massachusetts Turnpike and Massachusetts Bay Transportation Authority rail corridor in the Back Bay of Boston

- Member of a consulting team retained by the City of Phoenix to develop a long range Master Plan for the redevelopment of 5,000 acres along the Rio Salada River

- Retained by the Massachusetts Bay Transportation Authority over a ten-year period as a consultant on major public improvement projects to negotiate acquisitions from large land owners and develop mitigation strategies during project construction to reduce or offset damages. This included the acquisition of CSX railroad corridors for construction of a commuter rail system connecting downtown Boston to Southeastern Massachusetts

Major Valuation Assignments

- Sports facilities including Fenway Park and the Fleet Center in Boston, the Basketball Hall of Fame in Springfield, Massachusetts and the Pyramid Arena in Memphis, Tennessee

- Corporate headquarters including the Gillette World Headquarters in South Boston, a 1,500,000 square foot office and manufacturing facility and the Raytheon Company headquarters in Waltham and Watertown, a 1,000,000 square foot office and industrial complex

- Telecommunication facilities, utility and transportation corridors, power generating facilities and transmission and distribution networks

- Hotel and resort properties in the northeastern and southeastern United States as well as along the gulf coast and major gaming and resort properties in Las Vegas, Nevada

- Major developments, both existing and proposed, that include commercial, residential, recreational and mixed use components

STATE OF SOUTH CAROLINA COUNTY OF LEXINGTON	IN THE COURT OF COMMON PLEAS Case No. _____
The Town of Lexington, SC, Condemnor, vs. **Carolina Water Service, Inc.,** Landowner(s), And **Utilities, Inc., Lexington County School District One, South Carolina Department of Revenue,** Other Condemnee(s).	**CONDEMNATION NOTICE AND TENDER OF PAYMENT** (JURY TRIAL DEMANDED)

TO: THE LANDOWNER(S) AND OTHER CONDEMNEE(S) ABOVE NAMED:

Pursuant to the South Carolina Eminent Domain Procedure Act, Section 28-2-10, et seq., Code of Laws of South Carolina, 1976, as amended, you are hereby notified as follows:

1. The Town of Lexington, South Carolina is the Condemnor herein and seeks to acquire the real property described herein for public purposes.

2. **Carolina Water Service, Inc.** is named as Landowner(s) in this action by virtue of its recorded ownership of the real property described herein.

3. **Utilities Inc.** is made a party in this action as "Other Condemnee(s)" by virtue of its claim of claim(s) of title (or other interests) as the parent company of Carolina Water Service, Inc. **Lexington County School District One** is a political subdivision of the State of South Carolina charged in part with the levying of taxes. It is made a party to this action by virtue of certain tax liens filed against the Landowner with the Register of Deeds for Lexington County, South Carolina. **South Carolina Department of Revenue** is an agency of the State of South Carolina charged in part with the collection of taxes. It is made a party to this action by virtue of certain tax liens

filed against the Landowner with the Register of Deeds for Lexington County, South Carolina.

4. The following is a description of the real property subject to this action and a description of the interest sought to be acquired in and to the property by the Condemnor:

All sewer assets of Carolina Water Service, Inc./ Utilities, Inc. associated with the I-20 Regional Sewer System in Lexington County, South Carolina as shown in Appendix "A" and Appendix "B", including without limitation the real property, easements, including utility easements and access easements, any and all improvements and fixtures affixed to the land, including buildings, gravity sanitary sewer piping, sanitary sewer force main piping, effluent force main piping, sanitary sewer manholes, sanitary sewer pump stations, all appurtenances, records, customer data, the I-20 Regional WWTP located on T.M.S. No. 004521-01-019 at Laurel Meadows Subdivision off of Laurel Meadows Drive, the Spring Hill aerated equalization pond located on T.M.S. No. 004417-02-038 at Spring Hill Subdivision off of Hill Springs Drive, the Woodsen aerated equalization pond located on T.M.S. No. 004522-01-020 at Woodsen Subdivision off of Woodsen Circle, the I-20 Regional WWTP dechlorination facility located within an easement on an unknown parcel off of Davega Drive, and designated rights as the Management Agency under the 208 Water Quality Management Plan for the I-20 Regional Sewer System.

The subject sewer system includes approximately: 101,000-feet of gravity sanitary sewer piping, 39,000-feet of sanitary sewer force main piping, 11,000-feet of effluent force main piping, 450 sanitary sewer manholes, and 16 sanitary sewer pump stations. The particular neighborhoods/areas served by the sewer system are: Timbergate, Autumn Oaks, Mineral Creek, Spring Hill, Oakcrest, Meadow Wood, Maple Grove, Courtside Commons, Brighton South, Brighton North, Grayland Forest, Woodcastle, Woodberry Forest, Hidden Valley Mobile Home Park (**satellite system**), Golden Pond, Woodsen, Sandy Pines, Planters Station, Laurel Meadows, Pear Court, Mineral Springs Mobile Home Park (**satellite system**), Spring Lake, Dutchwood, Mineral Creek, Cunningham Park, Barnyard RV Park, Vanarsdale (**satellite system**), Oak Grove School, Oak Grove Estates, and any tributary sanitary sewer collection systems which discharge to the previous listed areas and which ultimately discharge to the I-20 Regional WWTP, other than system listed above as being satellite systems of the I-20 Regional Sewer System.

The sanitary sewer pump stations contained within the subject system are described more particularly as: Autumn Oaks pump station located on T.M.S. No. 004434-01-027 at Autumn Oaks Subdivision off of Kenzi Court, Spring Hill pump station located on T.M.S. No. 004417-02-038 at Spring Hill Subdivision

off of Hill Springs Drive, Cunningham Park pump station located on T.M.S. No. 004420-05-025 at Cunningham Park Subdivision off of Ivey Street, Grayland Forest pump station located on T.M.S. No. 004517-07-007 at Grayland Forest Subdivision off of Mineral Springs Road, Sparrow Pointe pump station located on T.M.S. No. 004546-01-028 at Sparrow Pointe Subdivision off of Jessamine Road, Woodcastle No. 1 pump station located on T.M.S. No. 004525-04-011 at Woodcastle Subdivision off of Thackeray Lane, Woodcastle No. 2 pump station located within a County of Lexington road right-of-way at Woodcastle Subdivision off of Farringdon Court, Hidden Valley pump station located within an easement on T.M.S. No. 004598-02-001 at Hidden Valley Mobile Home Park off of Hidden Valley Drive, Golden Pond pump station located within an easement on T.M.S. No. 004598-02-039 at Golden Pond Subdivision off of Golden Pond Drive, Woodsen pump station located on T.M.S. No. 004522-01-020 at Woodsen Subdivision off of Woodsen Circle, Mineral Springs Mobile Home Park pump station located within an easement on T.M.S. No. 004596-04-010 at Mineral Springs Mobile Home Park off of Mineral Springs Road, Pear Court pump station located within an easement on T.M.S. No. 004558-01-017 at Pear Court Subdivision off of Pear Court, Planters Station pump station located within an easement on T.M.S. No. 004545-01-006 at Planters Station Subdivision off of Chisholm Way, Savannah Pointe pump station located on T.M.S. No. 004540-01-033 at Laurel Meadows Subdivision off of Savannah Way, Spring Lake pump station located on T.M.S. No. 004424-04-021 at Spring Lake Subdivision off of Point South Lane, and the I-20 Regional WWTP effluent pump station located on T.M.S. No. 004521-01-019 (the I-20 Regional WWTP) at Laurel Meadows Subdivision off of Laurel Meadows Drive.

The sanitary sewer force main for the Autumn Oaks pump station proceeds in a southeasterly direction for approximately 1,200-feet within multiple utility easements to its discharge point at the Spring Hill aerated equalization pond. The sanitary sewer force main for the Spring Hill pump station proceeds in a southeasterly direction for approximately 1,600-feet within multiple utility easements, turns and proceeds in an easterly direction for approximately 5,900-feet within the Mineral Springs Road right-of-way, turns and proceeds in a northeasterly direction for approximately 1,200-feet within multiple utility easements to its discharge point at the I-20 Regional WWTP. The sanitary sewer force main for the Cunningham Park pump station proceeds in an unknown direction and discharges to an unknown point within the I-20 Regional Sewer System. The sanitary sewer force main for the Grayland Forest pump station proceeds in a northerly direction for approximately 120-feet within the Mineral Springs Road right-of-way, crosses Mineral Springs Road and connects to the Spring Hill pump station force main. The sanitary sewer force main for the Sparrow Pointe pump station proceeds in a northerly direction for approximately 800-feet within the Jessamine Road right-of-way and discharges to a manhole within the Grayland Forest Subdivision gravity sanitary sewer collection system. The sanitary sewer force main for the Woodcastle No. 1

pump station proceeds in a westerly direction for approximately 380-feet within the Thackeray Lane right-of-way, crosses Jessamine Road, turns in a northerly direction and proceeds approximately 2,300-feet within the Jessamine Road right-of-way where it connects to the Sparrow Pointe pump station force main. The sanitary sewer force main for the Woodcastle No. 2 pump station proceeds in an unknown direction to its discharge point at the Woodcastle No. 1 pump station. The sanitary sewer force main for the Hidden Valley pump station proceeds in a southwesterly direction for approximately 700-feet within a utility easement, turns and proceeds in a northwesterly direction for approximately 430-feet within a utility easement, turns and proceeds in a southwesterly direction for approximately 310-feet within a utility easement, turns and proceeds in a southerly direction for approximately 270-feet within the Jessamine Road right-of-way, turns and crosses Jessamine Road, and proceeds in a westerly direction for approximately 110-feet within the Jessamin Road and Sunny Vista Road rights-of-way, and discharges to a manhole within the Grayland Forest Subdivision gravity sanitary sewer collection system. The sanitary sewer force main for the Golden Pond pump station proceeds in a northwesterly direction for approximately 2,700-feet within the Golden Pond Drive right-of-way, crosses Mineral Springs Road, turns and proceeds in a northeasterly direction for approximately 790-feet within the Mineral Springs Road right-of-way, turns and proceeds in a northwesterly direction for approximately 1,300-feet within multiple utility easements, turns and proceeds in a southwesterly direction for approximately 1,500-feet within multiple utility easements to its discharge point at the I-20 Regional WWTP. The sanitary sewer force main for the Woodsen pump station proceeds in a westerly direction for approximately 600-feet within multiple utility easements, turns and proceeds in a northwesterly direction for approximately 2,400-feet within multiple utility easements, turns and proceeds in a westerly direction for approximately 3,800-feet within the Mineral Springs Road right-of-way, and connects to the Grayland Forest pump station force main. The sanitary sewer force main for the Mineral Springs Mobile Home Park pump station proceeds in a northerly direction for approximately 230-feet within a utility easement and on the I-20 Regional WWTP site to its discharge at the I-20 Regional WWTP. The sanitary sewer force main for the Pear Court pump station proceeds in a westerly direction for approximately 680-feet within a utility easement and on the I-20 Regional WWTP site to its discharge at the I-20 Regional WWTP. The sanitary sewer force main for the Planters Station pump station proceeds in a southeasterly direction for approximately 1,000-feet within the Chisholm Way right-of-way, turns and proceeds in a westerly direction for approximately 180-feet within the Mineral Springs Road right-of-way, and connects to the Golden Pond pump station force main. The sanitary sewer force main for the Savannah Pointe pump station proceeds approximately 60-feet in a northerly direction within the Savannah Lane right-of-way where it discharges to a manhole within the Laurel Meadows Subdivision gravity sanitary sewer collection system. The sanitary sewer force main for the Spring Lake pump

station proceeds in an southeasterly direction for approximately 200-feet, crosses the Point South Lane right-of-way, and proceeds for 2,300-feet in a southeasterly direction within multiple utility easements, crosses the Mineral Springs Road right-of-way, and discharges to a manhole within the Grayland Forest Subdivision gravity sanitary sewer collection system. The effluent force main for the I-20 Regional WWTP effluent pump station proceeds in an unknown direction within multiple rights-of-way and utility easements to the I-20 Regional WWTP dechlorination facility, turns and proceeds in a northeasterly direction for approximately 3,300-feet within multiple rights-of-way and utility easements to its discharge at the I-20 Regional WWTP effluent outfall at the Lower Saluda River.

5. The Town of Lexington, South Carolina is vested with the power of eminent domain pursuant to Section 57-5-320 and Section 28-2-60, Code of Laws of South Carolina, 1976, as amended.

6. The property sought herein is to be acquired for public purposes, more particularly for the removal of treated and untreated wastewater from the Lower Saluda River and the connection of Condemnees' I-20 wastewater collection, transportation, and treatment systems to the Twelve and Fourteen Mile Creeks Regional Wastewater Transportation and Treatment System in accordance with the applicable 208 Plan for this region.

8. The Town of Lexington, South Carolina has complied with the requirements set forth in Section 28-2-70(a), Code of Laws of South Carolina, 1976, as amended, by having the subject property appraised and making the appraisal available to the Landowner(s) where required by law, and certifies to the Court that a negotiated resolution has been attempted prior to the commencement of this action, or pursuant to Section 12-28-2940, Code of Laws of South Carolina, 1976, as amended, an appraisal of this property was not required.

9. Project plans may be inspected at the office of The Town of Lexington, South Carolina, 111 Maiden Lane, Lexington, South Carolina 29072 by appointment during regular office hours.

10. THE CONDEMNOR HAS DETERMINED JUST COMPENSATION FOR THE PROPERTY AND RIGHTS TO BE ACQUIRED HEREUNDER, **INCLUDING ALL DAMAGES, TO BE THE SUM OF ONE MILLION, FIVE HUNDRED EIGHTY FOUR THOUSAND AND 0/100 DOLLARS ($1,584,000) AND HEREBY TENDERS PAYMENT THEREOF TO THE LANDOWNER(S).**

11. Payment of this amount will be made to the Landowner(s) if within thirty (30) days of service of this Condemnation Notice, the Landowner(s) in writing requests payment, and agrees to execute any instruments necessary to convey to the Condemnor the property interests and rights described hereinabove. The Agreement and Request for Payment must be sent by first class certified mail with return receipt requested or delivered in person to Britt Poole, Town Administrator, Town of Lexington, South Carolina, 111 Maiden Lane, Lexington, South Carolina, 29202. If no Agreement and Request for Payment is received by the Condemnor within the thirty (30) day period, the tender is considered rejected.

12. If the tender is rejected, the Condemnor has the right to file this Condemnation Notice with the Clerk of Court of the County where the property is situated and deposit the tender amount with the Clerk. The Condemnor shall give the Landowner(s) and Other Condemnee(s) notice that it has done so and may then proceed to take possession of the property interests and exercise the rights described in this Condemnation Notice.

13. AN ACTION CHALLENGING THE CONDEMNOR'S RIGHT TO ACQUIRE THE PROPERTY AND RIGHTS DESCRIBED HEREIN MUST BE COMMENCED IN A SEPARATE PROCEEDING IN THE COURT OF COMMON PLEAS WITHIN THIRTY DAYS OF THIS CONDEMNATION NOTICE, OR THE LANDOWNER(S) WILL BE CONSIDERED TO HAVE WAIVED THE CHALLENGE.

14. THE CONDEMNOR HAS ELECTED NOT TO UTILIZE THE APPRAISAL PANEL PROCEDURE. Therefore, if the tender herein is rejected, the Condemnor shall notify the Clerk of Court and shall demand a trial to determine the amount of just compensation to be paid. A copy of that notice must be served on the Landowner(s). That notice shall state whether the Condemnor demands a trial by jury or by the Court

without a jury. The Landowner(s) has the right to demand a trial by jury. The case may not be called for trial before sixty (60) days after the service of that notice, but it may thereafter be given priority for trial over other civil cases. The Clerk of Court shall give the Landowner(s) written notice by mail of the call of the case for trial.

15. THEREFORE, IF THE TENDER HEREIN IS REJECTED, THE LANDOWNER(S) IS ADVISED TO OBTAIN LEGAL COUNSEL AT ONCE, IF NOT ALREADY OBTAINED.

16. In the event the Landowner(s) accepts the amount tendered in this Notice, the attached Agreement and Request for Payment form should be signed and returned to the Condemnor within thirty (30) days of your receipt of this Notice.

s/ Clifford O. Koon, Jr.
Bradford T. Cunningham, SC Bar No. 16968
bcunningham@lexsc.com
Clifford O. Koon, Jr., SC Bar No. 3599
ckoon@lexsc.com
111 Maiden Lane
Post Office Box 397
Lexington, South Carolina 29072
(803)359-4460

J. David Black, SC Bar No. 68499
DBlack@nexsenpruet.com
1230 Main Street, Suite 700
Post Office Drawer 2426
Columbia, South Carolina 29202
(803)540-2072

Attorneys for The Town of Lexington, SC

October 9, 2017